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SERVING THE TOTAL FOODSERVICE INDUSTRY

JANUARY 9, 1991

RESTAURANTS & INSTITUTIONS

MARKET FORECAST '91

THE YEAR OF RESTRUCTURING

Real Growth: 1.5% Total Sales: $256.4 Billion

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JAN. 9, 1991

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32 R&I EXCLUSIVE: 1991 MARKET FORECAST AND TRENDS

How is the foodservice industry faring under the clouds of three big uncertainties—oil prices, recession and war? All things considered, it's doing quite well. This annual status report of commercial and institutional business shows fast food, catering, nursing homes and employee feeding with growth percentages on the good, left side of the decimal point. Our forecast includes business trends to watch, food trends to guide menu planning and pricing, and interior- and kitchen-design trends that can be a blueprint for a successful new year.

108 CHAINS FIND ROOM TO GROW IN JAPAN

Ever on the fast track, Japanese diners-out like fast, convenient foods and new eating experiences. Noodle shops and sushi bars still are national treasures, but a new food-orientation process has the population looking to the West and its American hamburgers, soft-serve ice cream, fried chicken and pizza. American franchising companies such as Sizzler, Arby's and International Dairy Queen add Japan to expansion plans.

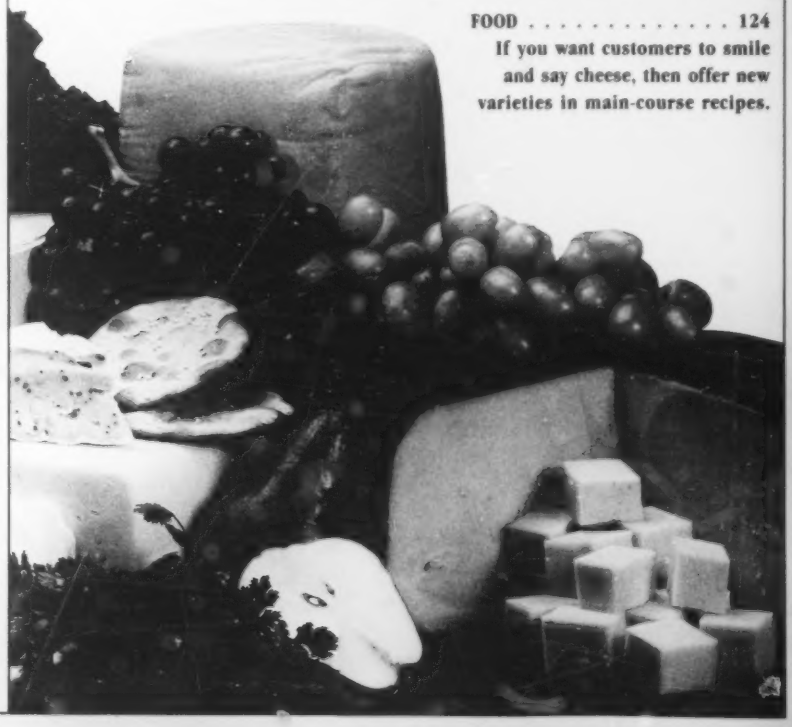
124 WHERE THERE'S A WILL THERE'S A WHEY

Usually cast in a supporting role, topping soups, salads and pizza or enriching sauces, today's cheeses stand on their own as a separate course, becoming star performers on the menu. We'll tell how. Recipes in our Food feature include polenta with mascarpone cheese, mozzarella with mushrooms, and tiramisu, an acclaimed Italian dessert. Also find handling tips and an assortment of ideas on garnishing with cheese.

ABOUT THE COVER

Announcing the business trends to watch in 1991. Our special report includes the sales, number of units and growth percentages of each and every segment in the industry.

FOOD 124
If you want customers to smile and say cheese, then offer new varieties in main-course recipes.



R&I REPORT

HELPING HAND

MILWAUKEE OPERATORS TO THE RESCUE

Now that the Second Harvesters of Wisconsin Food Bank has additional equipment—including a refrigerated truck—it is aggressively soliciting pledges from foodservice operators to help feed the hungry and homeless.

Second Harvesters of Wisconsin, Inc.
FOOD BANK
1700 WEST FOND DU LAC AVENUE
MILWAUKEE, WISCONSIN 53205

Second Helpings of Milwaukee, an offshoot of Second Harvester, wants caterers, vendors and operators to pledge their unserved product and join the more than 30 cities nationwide serving prepared foods to the needy. According to Second Harvester General Manager Gwen McLean, the goal for 1991 in Milwaukee is to sign up 50 participants and collect 150,000 pounds of food. The first restaurant chain to the rescue was Pizza Hut. It has pledged to freeze and donate leftover personal pan pizzas and also prepare and freeze bread sticks made from leftover dough.

Casper Balistreri, owner of the Venice Club in Milwaukee, has pledged pans of lasagna each month. The food bank provides either full or half pans to donors who will chill or freeze product. After pickup, the food is reheated and served to the needy within 24 hours. *—J.W.*

THE HILL

CIVIL RIGHTS REFORM BILL LIVES BEYOND PRESIDENT'S VETO

Even though Congress has sustained President Bush's veto of civil rights legislation, tremendous pressure still exists to resurrect the measure during the 1991 Congressional session.

In its 1990 form, the Civil Rights Act sought to authorize jury trials in job discrimination cases and allow plaintiffs to recover both compensatory and punitive damages. Under current law, plaintiffs are limited to "make whole" remedies such as job reinstatement, back pay and attorney's fees. The bill also would have shifted the burden of proof to employers in countering job discrimination charges.

Advocates could have made significant strides to further their cause had the Congressional elections last November created a wider majority for the Democrats. But Republicans lost but one seat in the Senate and nine in the House. If Bush decides to veto the next version, the new makeup of Congress probably will not be the deciding factor in a potential override.

"The election has not put any more momentum behind moving a civil rights bill early in the next session of congress," says Elaine Graham, director of federal relations for the National Restaurant Association.

However, be sure the bill will see the light of day eventually. And while industry leaders are in fundamental agreement with the equal employment intentions of the legislation, many believe the law would remove the incentive to settle cases out of court, encourage expensive litigation and pressure employers to hire by quota to avoid lawsuits.

A study by the National Foundation for the Study of Employment Policy, a Washington, D.C.-based research group, concluded changes mandated by the Civil Rights Act of 1990 would have increased the number of lawsuits by as much as 30% and raised annual legal fees from $563 million to $1.7 billion.

"We want a say-so in what President Bush pushes as his alternative package in 1991 because, indeed, he will have to have his own plan," says Graham. *—J.W.*

R&I DATA

OPERATORS PLAN MENU PRICE INCREASES

When asked in October about their plans for the next six months, operators were planning to raise menu prices at an average of more than 10%.

In the next six months	Commercial	Institutional
Operators who plan to raise menu prices	41.7%	22.5%
Percentage of menu items for which operators plan to raise prices	26.7	24.3
Percentage that operators plan to raise prices	11.1	10.2

Source: Cahners Bureau of Foodservice Research

■ EXCLUSIVE

1991 FORECAST: THE YEAR OF RESTRUCTURING

During 1991, the foodservice industry faces the same task as most American businesses—restructuring itself to deal with hard economic realities. Excesses of the '80s have produced a fiscal hangover. The budget deficit still looms over Washington. S&Ls are reeling and banks are showing signs of weakness. Bears stalk Wall Street and the Persian Gulf crisis adds a final touch of uncertainty.

Arguably, the fine-dining segment is a metaphor for the difference between the prosperous '80s and the streamlined look of the early '90s. Downscaling has taken hold as the way to maintain profitability or, in many cases, to survive. Such disciplines are being practiced in all segments, as market saturation and tighter budgets force operators to trim, "downsize" and get more for less out of their operating dollars.

In spite of such hardships, foodservice, which generally anticipates swings in the GNP, is on its way back up—so much so that *R&I* predicts real growth this year in the range of 1.5%, with total sales hitting $256 billion, an increase of $16 billion dollars. And positive movement of only a point or two in an industry of this size produces astounding growth. For example, this year's $16 billion increment is the equivalent of adding a new segment the size of fast-food pizza and bigger than all of school foodservice, or surpassing McDonald's total sales for 1989.

In this year's forecast, *R&I* editors analyze the major business, food, equipment and design trends that will hit foodservice this year. Their reports combine data from *R&I*'s

ABOUT R&I'S FORECAST

Restaurants & Institutions' annual market forecast is compiled by the magazine's Bureau of Foodservice Research with the Cahners Bureau of Economics. The forecast is based on consumer spending, employment figures and the prime rate, as well as foodservice-specific indicators such as the Consumer Price Index for food away from home. This year, the real growth figures take into account 5% inflation. Figures for institutional segments are calculated as commercial sales equivalents, based on food purchased. Contractor sales are included in the segment in which they occur.

To order forecast, see Action Express.

FOODSERVICE GROWTH BY MARKET SEGMENT

Segments	'91 sales ($ billions)	'91 real growth	'91 market share	'91 units
FAST FOOD	$82.545	3.2%	32.2%	172,567
FULL SERVICE	79.286*	0.0	30.9	179,840
EMPLOYEE FEEDING	17.277	1.0	6.7	16,500
SCHOOLS	14.185	1.3	5.5	89,000
HOSPITALS	11.386	0.0	4.4	6,730
LODGING	9.459	0.6	3.7	25,700
COLLEGES & UNIVERSITIES	7.651	0.2	3.0	3,460
MILITARY	5.908	0.4	2.3	3,320
RECREATION	4.176	1.6	1.6	30,600
NURSING HOMES	4.088	2.1	1.6	15,325
SUPERMARKETS	3.559	7.5	1.4	32,100
TRANSPORTATION	3.367	1.1	1.3	155
CONVENIENCE STORES	2.768	3.3	1.1	57,000
CATERERS	2.742	7.5	1.1	5,420
CHILD CARE	2.607	2.2	1.0	28,200
RETAIL	2.057	0.3	0.3	16,100
LIFE CARE & ELDER CARE	1.019	2.5	0.4	4,275
ALL OTHER FOODSERVICE**	2.333	1.9	0.9	10,000

*Excludes separate drinking places. **Consists primarily of fraternal clubs, prisons and recreational camps.
©*Restaurants & Institutions*, a Cahners publication.

Bureau of Foodservice Research and intensive discussion with operators from every corner of the industry. In addition, each segment is analyzed for directional indicators that reveal where we think the industry will be at the beginning of 1992.

Following are highlights of *R&I*'s 1991 Annual Market Forecast:

■ Aging baby boomers will continue to increase their net worth. This will produce more discretionary income for the economy, much of it going to foodservice.

■ A generally aging population will provide a labor resource for the industry. It will also demand more nutritional foods.

■ New immigrants will stream into the country and our industry. Foodservice operators will continue to tap this pool and become more adept at training these new workers.

■ The 30-year trend showing progressively more food dollars going to foodservice continues. This year retail supermarkets will compete even harder for these food dollars, but foodservice will still get about 45%.

■ The definition of foodservice will keep changing, from food eaten in a foodservice establishment to "any food *prepared* away from home." This means more dramatic growth in the takeout market. All segments are getting into this area of opportunity. In addition, catering will gain in market share.

Overall, the foodservice industry will do well in spite of adverse circumstances. —*Michael Bartlett*

TOTAL COMMERCIAL
1991 real growth: 1.8%
1991 sales: $186.592 billion
Total units: 519,327

TOTAL INSTITUTIONAL
1991 real growth: 0.9%
1991 sales: $69.820 billion
Total units: 176,965

TOTAL FOODSERVICE
1991 real growth: 1.5%
1991 sales: $256.412 billion
Total units: 696,292

continued on page 34

BUSINESS TRENDS

continued from page 33

MARKET MOVERS:

14 BUSINESS TRENDS TO WATCH IN 1991

Waste-watching, penny-pinching and name-dropping: All these measures of economy and ecology will mark foodservice's approach to 1991. While the year starts with three uncertainties (oil prices, recession and war), there's enough happening to keep the "busy" in business.

WAR OR NO WAR?

The threat is there—military personnel say they're prepared to be in the Persian Gulf for a long, long time. And some operators are preparing for it: Burr Jackson, former military man and director of campus foodservices at Indiana University, Bloomington, says he's written a war clause into the school's room-and-board contract: The clause gives the school the right to hike prices in case of war (and ensuing inflationary prices).

Child-labor laws: Under review by Congress and the NRA.

RECESSION OR NO RECESSION?

Among the reports of low consumer confidence, sluggish retail sales, dropped-off new construction spending and higher unemployment rates, one fact stands out: The classic definition of a recession is two consecutive quarters of decline in the gross national product. As of mid-November, that hadn't happened. But economists still fear that bad economic news causes consumers to rein in spending, thus hastening whatever kind of downturn might be on the way. If and when a true recession does hit, however, economists are divided on how long it will last. Some say the low inflation and interest rates and lean inventories will cushion the blow. Others point out that consumer, government and corporate debt, 2.4 times the GNP (compared to 1.7% before the 1981-1982 recession) could worsen a recession.

MILDER LABOR PAINS

If ever there was a silver lining, here it is: Fast-food, full-service and hotel executives say the economic slump and the factory layoffs that have followed have actually provided a mini-boom in hourly workers. The boom is especially noticeable in the Northeast. The challenge: to keep such workers happy with good benefits, wages and working conditions.

LAND-OFFICE BUSINESS

And here's another: With interest rates dipping below 10% in some places and restaurants closing left and right, fast-food and full-service chains and independents are finding new sites affordable and plentiful. Is now the best time to open a restaurant? Maybe not, but if the price is right, maybe the risk is worth taking. And chances are good that giants like General Mills—eagerly seeking conversion sites for its booming Olive Garden concept—can afford to have sites lie fallow for a few months.

PACKAGING WARS

Even though McDonald's set the ecological agenda for the decade by announcing a trade from foam to paper, the jury is still out. Paper, say environmentalists, has four character flaws: It uses much-needed trees; coated or uncoated, it does not easily degrade in landfills; it weighs more and takes up more space than foam in landfills; and once recycled, it cannot be recycled again. According to the Audubon Society: "More paper means more pollution."

WATER CONSERVATION
While some groups work toward eliminating disposables, other groups lobby in favor of them. Their reason? Reusable wares deplete the nation's water resources, already dangerously low in California, Texas and Arizona. UCLA's foodservice department, for instance, is going with all foam serving ware that will be recycled. Also under consideration in foodservice labs: using ultraviolet rays (instead of hot water) to sanitize servingware.

SMOKE SCREENS
All eyes are on California, by far the most active state when it comes to the smoking issue. The state's restaurant association backs an outright ban on smoking as long as it applies to *all* public places. Meanwhile, in cities around the state, city councils are enacting bans and directing restaurant operators to install dual-ventilation systems. Nationwide, operators have been complying with voluntary set-aside programs, but remain wary of activity in California. In order to keep smokers happy, creative operators are promoting "smoker's nights" to maintain customers who might otherwise become alienated.

LEGISLATION ON TAP
A few legislative issues just won't go away: namely, reduction of the business-meal deduction, mandated health benefits and parental leave. The Civil Rights Act also is sure to be reintroduced in the new Congress and opposed by the National Restaurant Association in its present form because it would pressure employers to hire by quota.

Child-labor-law reform is on the agenda as well: NRA wants lawmakers to reconsider the type of equipment younger employees can operate, as well as the number of hours and times of the day they can work. For instance, slicers: They're made to be much safer than they were 50 years ago, when the current child-labor laws were written.

SERVICE, PLEASE
These days customers pronounce service, *convenience.* In fine dining, that means a more relaxed atmosphere to accompany lower-priced, less structured menus. Among full-service chains, it means more delivery (Levy Restaurants' Chef's Express), guaranteed 15-minute lunches (Denny's, Bennigan's) and reservations where they weren't taken before (Red Lobster). Quick-service chains are sprucing up drive-thru systems with TV monitors and better sound systems; inside, credit-card acceptance is becoming more prevalent.

STEPPED-DOWN PRICES
With consumer confidence down, foodservice is revising its check averages down as well. Fine-dining operators are revising menus and prices downward, while fast food's major players are making sure patrons will get change from their $20s with "value" menus. Wendy's Super Value menu offers sandwiches, salads and drinks for 99 cents; Rax's new Super Savers menu touts a roast-beef sandwich for 99 cents; Arby's is expected to test a similar low-priced menu this year.

TAKING CARE OF KID-NESS
Along with the lower prices come smaller portions—perfect for the family market operators are beginning to court with fervor. The kid-friendly options extend beyond the menu, however. For instance, Happy Joe's Pizza, Bettendorf, Iowa, has added a Children's Curiosity Corner—toys and educational games keep children busy (in a separate room patrolled by Happy Joe's employees and closed-circuit televisions) while Mom and Dad wait for the food.

COST CONTAINMENT
While customers tighten budgets, corporations search for ways to keep overhead and operational costs from swallowing margins. Burger King recently let 300 corporate employees go. Hardee's announced headquarters staff cuts of about 12%, or 125 workers. And Rax, which cut 30 jobs from the home-office staff last September, closed out 16 sluggish Southeastern units.

What's worse, many survivors of the acquisitive '80s now must labor under the burden of super-high debt service. Denny's and Canteen parent TW Holdings has been successful in reducing its massive leverage on schedule or even early. But other companies are sending up debt distress signals. For example, Al Copeland Enterprises paid $392 million to add Church's Chicken to its Popeyes holdings last year. This November, thanks to the collapse of the junk market, the company declared itself in default on $391 million of that.

THE BRAND-NAME GAME
The list of brand-name mergers keeps growing: K mart and Little Caesars, Domino's and Burger King, Marriott and Pizza Hut (and Mrs. Fields and Dunkin' Donuts), McDonald's and Morrison's and hospitals. The lure is twofold: The arrangements hike sales for institutions (as much as 40%, consultants say) and provide sites for chains in a time when free-standing locations are hard to come by. And speaking of McDonald's, the chain's latest move into a Denver school means no segment remains sacred. Look for other varied-menu quick-service chains to follow suit.

INTERNATIONAL EXPANSION
Contractors and independents are joining hotels and chains in foreign markets. Hottest new market: Mexico, where updated franchise laws will make it easier for chains to expand there. Most difficult market: Eastern Bloc countries, where foodservice outlets are virtually nonexistent, as are service mind-sets and access to supplies. ***—The Editors***

The family business: Worth catering to this year.

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TASTE TRENDS

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UNDER THE SILVER DOME:

1991's TOP TRENDS & PASSING FANCIES

General belt-tightening sets the stage for this year's trends: Good value will be foremost in the public eye, conspicuous consumption a memory. But harder times bring good news, too: Good food is back in style, and portions are more generous. Moderation is the byword for this year's trends as we bid (a sometimes fond) farewell to some of the flights of food fancies of the '80s. So take a look under the *R&I* silver dome for the top trends and passing fancies for 1991.

Trend: Spaghetti and meat balls, and kindred plain and simple food.

BASICS ARE BACK
Basics are back as plain food captures public fancy. But we can't go back to grandmother's meat and potatoes. Good cooking is lighter than before, lower in fat, sugar and sodium. Meat is a smaller (3- to 6-ounce) bull's-eye on the center of the plate. Vegetables are varied, their portions larger. In 1991 we'll be taking sentimental journeys down memory lane with lighter versions of some grand old American favorites: Hangtown Fry, chicken and dumplings, the club sandwich, Waldorf red cake, sloppy Joes, pot pies, deviled eggs, angel food cake, baked Alaska, scalloped potatoes, Yankee pot roast, chicken tetrazzini, oysters Rockefeller, vichyssoise, and cream of tomato soup.

ESOTERICS EXODUS
Going, going, gone are sea urchin soufflé and purée, oyster granité, eggplant torte with chocolate sauce and other esoteric, frou-frou foods of the foodies few.

THE MENU REVOLUTION
Once upon a time, appetizers were appetizers, salads were salads, entrees were entrees and soups knew their place. But the '90s bring a revolution to the menu, and the walls that kept courses separate have come tumbling down. The appetizer section has expanded to meet the market demand for flexible mini-meals. Small salads appear as appetizers, large ones as entrees. Entrees range from center-of-the-plate to soups. Desserts are still desserts and increasingly include sorbets, which have never found a comfortable niche as intermezzos.

END OF THE ENDLESS SPECIAL
Less-structured menus mean more options for customers, more mealtime flexibility and a smaller role for daily specials. Daily specials will be few, really special, and their communication to customers brief: a short spiel, a few entries on the menu board.

NO-NONSENSE NUTRITION
The big nutritional news for the '90s is that good-for-you food is good food, too: Health- and fitness-conscious customers in all life stages can look forward to good helpings of good-tasting, good-looking food. This reflects the ADA's new dietary guidelines that call for moderation in use rather than elimination of fat, salt, sugar from the diet. The weight guidelines are now unisex (men and women grouped together by height) and a little more generous. Relaxation has replaced diet hysteria. The message to customers: Have a glass of wine, sit back, enjoy your meal. And, oh yes, have another cup of coffee.

NOUVELLE NIBBLES
As enjoyment of eating replaces fear, say goodbye to: pale, poached paillards, vertical salads speared with chives, food styling to compensate for food skimping.

DOWNSCALING WITHOUT DOWNGRADING
Cutting costs and prices without trimming quality is

quite a trick, but one that operators are learning industrywide. Fine dining's fear of becoming special-occasion-only has led to downscaling and, in many cases, a return of the prix-fixe menu. In catering, customers are asking for and getting less costly parties, where beef burgundy replaces filet mignon and Mediterranean-style food takes the place of medallions of veal. Casual but stylish will be the theme for the year. High-cost ingredients will be replaced by hearty foodstuffs: pasta, rice, legumes, vegetables and lesser cuts of meat.

UPTOWN PRICES, DOWN-HOME FOOD
Beware homey foods bearing high prices. For example: the skin-in mashed potatoes. Great-grandmother would have been mortified to find skins in her mashed potatoes. She wouldn't eat them if *you* paid *her*.

GLOBAL MENUSPEAK
In 1991 there will be fewer new ethnic crazes as the whole world offers up appetizers, entrees and inspiration for the American menu. Just as Mexican, Italian and Asian dishes—such as taco salad, fajitas, pasta salad and stir fry—have gone mainstream, so other ethnic flavors and textures will be introduced to general menus. Creative foodservice talents will interpret and translate couscous, tabbouleh, tandoori chicken, pork satay, Szechwan beef, lamb shish kebab, *focaccia* and calzones, polenta, pesto and paella.

INTERNATIONAL GIBBERISH
Flavor and appeal get lost in translation when chefs without great talent and strong technical backgrounds try to fuse two or more ethnic cuisines. The result (this is a *real* recipe): Squid Ink Fettuccine with Blackberry Cream Sauce.

CONGREENIENCE
In poll after poll, customers have expressed a willingness to pay more for environmentally friendly food and packaging. Recycling, ecological packaging and bottled waters are industry expressions of the "taking care of mother earth" trend.

WASTEFUL CONVENIENCE
Riddle: How many packaging layers does one piece of food require? Answer: Too many—if the food is for takeout or delivery. Overpackaging will be the target of criticism—from environmental watchdogs and customers alike.

THE WAR AGAINST HUNGER
More than 20 million Americans experience real hunger, between two to five million of them children. More operators, foodservice directors and chefs know what policy makers don't: that hunger is not an incurable disease but a social disgrace. Industry leadership in the war against hunger will increase in 1991.

FOOD BENEFITS AND PR
Benefits to feed the hungry and house the homeless are at odds with PR and profit. The elements of personal promotion at charitable events will backfire in 1991. Most participating chefs and groups who donate time, labor and food will end up out-of-pocket. But virtue is its own reward.

FOOD SAFETY
Every time another incident of foodborne illness is reported, customers get the jitters. Customers have the need and right to know that the food they're served is safe. Safe food is good food: free from unnecessary chemicals and additives, well-cooked, properly handled and safely prepared. Training and supervision will become bywords, not lip service, in 1991.

RISKY BUSINESS
Serving raw or undercooked fish is risky business. So are open salad bars and buffets, and open-to-the-public supermarket takeout stations. And the riskiest business of all is untrained, unsupervised staff.

BUYING TIME
Time is in the '90s what money was in the '80s—the ultimate luxury. When time is money, whatever makes eating out, takeout or home delivery run smoother is worth a little more. Greasing the wheels of operations will be: instant greeting, quick seating, efficient service, amenities for kids, access for disabled, special options for dieters or the elderly.

COSTLY INCONVENIENCE
Whatever makes eating out, takeout or home delivery inconvenient or aggravating is costly business. There are no foodservice monopolies. Customers can and will go elsewhere—the first chance they get. —***Nancy Ross Ryan***

TREND

- Basics
- The menu revolution
- No-nonsense nutrition
- Downscaling without downgrading
- Global menuspeak
- Congreenience
- The war against hunger
- Food safety
- Buying time

PASSING FANCY

- Esoteric food
- Endless specials
- Nouvelle nibbles
- Uptown prices, down-home food
- International gibberish
- Wasteful convenience
- Food benefits and PR
- Risky business
- Costly inconvenience

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Passing Fancy: Sea urchin soufflé and other frou-frou fare of the foodies few.

DESIGN TRENDS

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FROM FRONT TO BACK: A DESIGN TREND COMPENDIUM FOR 1991

The same "basics done better" theme resounding among menu forecasts for 1991 is evident in many design trends, both for interiors and kitchens. With fewer jobs to be had and smaller budgets, interior designers around the country are remembering that restaurants should be designed for customer comfort, not for the press photographer. New designs in kitchen equipment allow operators a wider range of use in many models; many of these new pieces are smaller than before and are easier to operate. New developments in existing fields, such as cook-chill and vending, offer opportunities for additional uses and increased time and labor savings. From new directions in dining-area designs to the course of kitchen equipment, *R&I* looks ahead to an exciting year.

Rotisseries and broilers reflect healthful dining concerns.

THE MATERIAL ISSUE

Vinyl might be made to last, but Mother Nature knows durability, too. Designers of foodservice outlets in noncommercial and commercial establishments alike are using more natural materials and custom design in furniture and on walls. Natural materials and custom craftsmanship fit the 1991 scheme in many ways: The materials have an environmentally friendly feel, and custom work projects quality and sophistication. Examples run the gamut from a new McDonald's in Hyde Park, N.Y., which was built with 80% biodegradable materials, to Vivere, an independent restaurant in Chicago designed with the help of 40 artists and craftsmen.

NO MIXED MESSAGES

It's no accident that restaurants being built today feel more focused. "When you have less money to work with, it becomes more important to be very clear about what should be done. You have to pick and choose only the most important things. You must refine your ideas," says David Rockwell of Haverson Rockwell Design in New York. The fact that many new restaurants today are conversions of failed foodservice spaces helps. "Doing a conversion usually means the kitchen is already there so you can focus the design dollars on the interior," says Rockwell.

LIVED-IN IS IN

Part of what went out with the restaurant-as-stage-set designs of the '80s was their hard edge and spanking new feel. Designers now are able

to soften their interiors with refinished antiques and simple, honest elements. "The continuing trend toward casualization doesn't mean loss of quality, just loss of formality," says Bill Aumiller of Aumiller/Youngquist, P.C., Mount Prospect, Ill. "Places have a down-home feel—the ma and pa influence is big right now."

THE MORE FLEXIBLE, THE BETTER

As foodservice operators stretch to make money in new ways—catering, private party business—they're demanding interiors that can be reconfigured on the spot. Massive booths bolted to the floors around fixed tables are being replaced with banquet seating that mimics residential couches; non-commercial foodservice interiors are more flexible as well.

SCALED-DOWN COOK-CHILL SYSTEMS

Once considered a time and labor saver for institutional operations serving 10,000 or more meals a day, cook-chill is becoming more common in much smaller operations. Some of these serve 1,000 or fewer meals daily, yet take advantage of cook-chill's batch preparation and extended shelf life. The tumble-chill system, where bagged food rapidly cools in a cold-water bath, now works as well with 50-gallon steam kettles as it traditionally has with 100- and 200-gallon kettles. Blast-chillers, which cool pans of prepared food, allow operations of almost any size to prepare food in such conventional equipment as ovens and fryers, then chill it for up to five days of refrigerated storage.

SOUS-VIDE SAVINGS

Sous-vide, the exotic cousin of cook-chill, might soon be in many different types of operations across the country. Several companies now offer vacuum-packed food, cooked and immediately frozen, which quickly reheats in warm water. A number of hotel companies, including Omni and Marriott, are testing these foods—successful results could soon mean full 24-hour room-service menus and bar food beyond the usual snacks.

SET IT AND FORGET IT

When cooking equipment married microprocessors and digital controls several years ago, there was much celebration. The honeymoon ended, though, when operators found they had to learn how to operate this often complex technology. More and more, manufacturers are designing easier-to-program controls which allow low-skilled employees to simply load food and touch one button for a complete, specific cooking cycle. Because the cooking process needs less supervision, employees are free to perform other tasks and increase productivity.

THE FALL OF STAINLESS STEEL

The phasing out of the federal government's Voluntary Restraint Agreements (VRAs), begun in September 1989, started a decrease in stainless-steel prices. The VRAs limited the amount of foreign stainless steel imported in the United States, causing a 75% price increase in the late '80s. The amount of imported stainless has risen since the phaseout began, actually lowering the price, according to the National Association of Food Equipment Manufacturers. Because many manufacturers did not pass on the higher price of stainless several years ago, it remains to be seen what effect the lower prices will have on end-use equipment costs.

HEALTHFUL PREPARATION

As consumer demand for more healthful diets increases, certain pieces of equipment will become more prevalent. Rotisseries are on the rise, as evidenced by chicken-on-a-spit sales at Boston Chicken, Boston, and Famies Chicken, Troy, Mich.; UCLA is planning the addition of rotisserie chicken as well. Because steamed and broiled foods don't hold well for extended periods of time, the growing number of countertop steamers and broilers allow operators to prepare small batches just prior to serving.

VENDING VARIATIONS

Vending innovations are opening up new opportunities for institutional foodservice, particularly B&I and college operations. Several manufacturers have introduced the latest generation of coin-operated pizza and french-fry machines. Many coffee machines now hold whole-bean coffee and grind enough for one cup of fresh brew, improving the taste.

—Rob Townsend and Monica Kass

Many of the design and equipment trends *R&I* forecasts for 1991 will benefit not only large operations with deeper pockets, but smaller sites that previously could not take advantage of such innovations as cook-chill and *sous-vide*.

FRONT OF HOUSE

- Natural materials
- Tightly focused design
- The lived-in look
- Flexible seating

BACK OF HOUSE

- Scaled-down cook-chill systems
- *Sous-vide* savings
- Easier-to-operate computerized controls
- Stainless-steel prices
- Healthful preparation
- Vending innovations

Interiors: more natural materials, custom work.

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FAST FOOD

To hit the hot buttons on 1991's fast-food consumers, offer takeout, make your product earth-friendly—and give them a bargain.

1991 real growth: 3.2%
1991 sales: $82.545 billion
Market share: 32.2%
Units: 172,567

FAST-FOOD BREAKOUT
Burgers: 2.5%
Pizza: 5.5%
Chicken: 2.5%
Sweets: 2.1%
Sandwiches: 3.5%
Mexican: 4.3%
Seafood: 2.0%

Talk about mixed blessings. In the current recession/no recession debate, fast-food operators don't know which side to root for.

That's because a drop in real household income could both help and hurt fast-food restaurants. On the plus side, the quick-service segment historically has been more resistant than others to a drop in disposable income. Fast-food folklore has it that people don't stop eating out in a recession—they just trade down.

Chains say "good buy." But those same conditions will turn buyers into bargain hunters, and an operator not prepared to sell *something* for less should get ready to be lonely. Pizza chains already have seen meal-dealing jump from 24% of all purchases in '86 to 41% last year; that rate will only go higher in the next 12 months.

Meanwhile, look for a proliferation of the special low-priced menus that made good earnings news at Wendy's and Taco Bell last year. Taco Bell has already expanded its permanent 59-cent menu to a three-tiered structure of 59-, 79- and 99-cent items. Rax and Kentucky Fried Chicken are making room for special reduced-price items on their menus, and Arby's is reportedly preparing to test some 99-cent products of its own early in the year. As long as it can be done without eroding profit margins, slashing prices seems to be one key to success in the coming market.

Once again, the fundamentals. But not *the* key. Tough as times might be, diners will still be looking for *Q, S* and *C* with their *V*. And this year "cleanliness" means not just shiny rest rooms but earth-friendly packaging and products. A survey by ad agency J. Walter Thompson revealed that 82% of consumers would pay up to 5% more for ecologically sound goods. Whatever its scientific validity, McDonald's vow to get polystyrene out of its waste stream will put pressure on other fast-food chains to follow suit.

The unemployment solution. On the cost side, a rough economic climate may offer local relief for the labor and real estate crunches that have become a chronic condition in fast food. Selected operators in New England and the Northeast already say that higher joblessness and lower rents are helping them cut overhead. Of course, if employment falls *too* low, the cure could be worse than the disease.

Finally, look for the major trends of the last few years to continue, particularly the growth of the off-premise dining option. But even here the news is mixed for quick-service operators. More customers are buying takeout, the phenomenon that gave fast food its birth. But more full-service chains are cashing in on the new mobility with takeout and drive-thru facilities of their own. That's still more competition for the mobile-meal dollar.

—Brian Quinton

HARD CHOICES IN A SOFT MARKET

■ "Finding new sites will be tough. The [shopping mall] development business is dead: If it's not in the ground now, it's not going *into* the ground any time soon." *—David Lasky, president and CEO, Bresler's, Des Plaines, Ill.*

■ "You're going to see even more event-driven marketing than you did this year. Fast food may pick up some customers from full service, but there will be a compression in the customer base. More people will come in, but they won't be coming in as often." *—Chris Thomas, vice president of marketing, White Castle, Columbus, Ohio*

■ "We're now operating in a long-term cost-cutting environment. We had too much fat a year ago; our food costs, our payroll, our G&A costs generally were all out of line. We're down 4% in food costs, simply from negotiating more carefully with vendors. They were very willing to work with us. Everybody knows what the market is like now." *—Ghulam Bombaywala, president and CEO, Two Pesos Mexican Cafes, Houston*

■ "Many prospective franchisees are scaling down: Instead of a multiple-unit franchise of eight or 10 stores, they settle for three to five units. And their financials have to be strong to borrow any portion of the money. If you don't have a strong statement, forget it. Every aspect of the economy is feeling the effect of the serious crackdown on the banking system. The Resolution Trust Corporation is putting so much pressure on the banks that they're more interested in upgrading their portfolios than making additional loans." *—Herbert and Jared Brown, co-owners, Checkers Drive-In Restaurants, Clearwater, Fla.*

■ "Store operations will be more a factor than ever before. People will think seriously before spending money in a store that may not have good service or cleanliness. We have not reduced our labor pool. You have to do *better* when sales are down." *—Stephen Beninati, president, Everything Yogurt, Staten Island, N.Y.*

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Full-service operators remain optimistic in the face of a very flat year. They predict closings and recession and then, in the same breath, they talk about the potentially good side of the bad coin: The price for talent might come down and there are real estate deals to be made.

Operators on each level of full service—from family dining to casual theme to fine dining—have the same focus: great food and good value—not just in price but in quality and service.

To deliver, labor is key. "In this difficult time, average performance from employees is not good enough," says Frank Guidara, president of Restaurant Associates' theme restaurant division. "For this reason, we're concentrating on the better performers."

So are the rest of the full-service players. As the game gets tougher, expect to see better and better employee retention tactics—tactics like those General Mills' Olive Garden chain uses. Monthly reports tell how much each server brings into his or her respective unit. Servers automatically receive raises based on that. "It's an excellent way to recognize the real performers," says spokeswoman Anne Powell.

Sales hinge on good value. Across the full-service spectrum, operators believe that, recession or not, customers will continue to eat out at restaurants that offer them good value. Value can be translated as "good food for less" or "more for the money," depending on the operator's perspective.

Many fine-dining restaurants, for example, are offering fixed-price menus $20 and $30 lower than they were last year. Others are sticking with more basics, less exotica.

Michael Whiteman of The Joseph Baum and Michael Whiteman Company, owner of New York's Rainbow Room, takes the other tack, that of adding lots of sizzle and showmanship. "We want to put the 'Omigod' factor back into fine dining," he says.

Meanwhile, chains are doing more with buffets, seasonal menus and food promotions featuring lower-cost food items. Chi-Chi's, for example, is launching a Sunday brunch and a Monday- and Tuesday-night dinner buffet.

Locking up fuel economies. To offset increases in transportation costs caused by the Persian Gulf crisis, operators will be using more seasonal, local produce and less exotic fare, a tactic that will help keep food costs down, too. "We're going to have to be a lot more imaginative with less costly items," says Restaurant Associates' Guidara. "We'll see lower-cost fish better prepared so people won't think dimly about the fact that they just ate cod instead of mahi mahi."

Operators see lots of room for expansion. Even so, they won't be building landmark-caliber fine-dining spaces—most say their new units in the next year will be average sized with a casual focus. —*Monica Kass*

FULL SERVICE

In economic downturn, full-service operators focus on value and employee retention and keep an eye out for real estate bargains.

1991 real growth: 0.0%
1991 sales: $79.286 billion
Market share: 30.9%
Units: 179,840

FULL-SERVICE BREAKOUT
Fine dining: −3.3%
Casual/theme: 0.4%
Cafeterias: 0.4%
Family/coffee shop: 0.3%

FULL SERVICE VALUES 'GOOD SIDE OF BAD COIN'

■ "The days where high check averages covered mistakes like food waste and unmonitored labor budgets are gone." —*Jimmy Schmidt, Rattlesnake Club, Detroit*

■ "The more attention we have to give to service, the better the management team has to be. Trimming the fat corporately can't mean trimming the assistant manager. We have to do more policing now because there's absolutely no room for error." —*Frank Guidara, president, theme restaurant division, Restaurant Associates, New York*

■ "In the past in bad times people have had to have an escape. They keep going to restaurants and movies. There's no reason why that will change. People may trade dow.. a bit, but they'll still eat out." —*Charles Haskell, operations chief, Lettuce Entertain You Enterprises, Chicago*

■ "I'm skeptical about downscaling—lowering prices for the sake of lowering prices. It just puts people in the same place they were before. If you're going to react to a downturn in business, you have to react with that which can be dramatically promoted." —*Michael Whiteman, The Joseph Baum and Michael Whiteman Company, New York*

■ "Everybody in the business world is kind of waiting for the other shoe to drop. The American psyche has been whipsawed lately. This has been a bizarre couple of months. It looked like the world was coming closer to peace and then things blew up with the S&L crisis, the budget and now it's the Persian Gulf crisis. We went so quickly from elation to nervousness. Hopefully things can get under control and everybody's conscience can get back on track." —*Dick Monroe, vice president public relations, Red Lobster, Orlando, Fla.*

■ "Full service will get competition from everybody. It's not like we're providing artificial kidneys and are the only one that hands them out." —*Michael Weinstein, Ark Restaurant Group, New York*

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EMPLOYEE FEEDING

Less doesn't mean worse: Better service and great food on limited menus will be the keys to handling shrinking subsidies.

1991 real growth: 1.0%
1991 sales: $17.277 billion
Market share: 6.7%
Units: 16,500

Operators are following a simple rule of thumb: If the service helps reduce the subsidy, keep it; if it adds to the subsidy, get rid of it, says Martin Cherneff, principal of M.H. Cherneff & Associates consulting, Monterey, Mass. This rule is simple. It's the application that gets tricky because businesses are diverse, and what works for one operation doesn't necessarily work in another.

That's why just about every trend we've heard about for B&I, including child care and convenience stores, has its proponents and opponents. But reducing the subsidy is a universal mission, especially if proposed legislation to tax employees for the "fringe benefit" of subsidized foodservice were to pass this year.

Operators are looking closer at sales receipts to determine what's hot and what's not. Items that have to be there but don't contribute much to the bottom line might be offered in a self-service format, says Christine Dozal, president of Dozal & Company consulting in San Francisco. At the same time, services such as demonstration cooking, customized salad making, and to-order grilling of upscale items are succeeding because the perceived value of the service is high and operators can charge accordingly, she says.

Self service on the rise. In addition to salads, soups, sandwiches, desserts and hot entrees (especially ethnics such as Mexican and Italian) are being set out and sold by the ounce.

The secret to successful self-service is making sure that the food is as appetizing for the 100th customer as it was for the first. "Self-service certainly takes labor," says Beryl Yuhas, of Beryl Yuhas & Associates in San Francisco. "But even though employees are running to keep the food stocked and looking good, at least they are free to do a variety of jobs, cross-duties, so to speak, and aren't tied up behind the counter. That makes for greater efficiency."

Catering to the clientele. Catering is considered one of the best revenue generators. If, as Yuhas suggests, the tradition of the executive dining room is on the wane, an increase in demand for catering could follow. Consul Restaurant Corp.'s contract management division has gone an extra step with catering in about four of its accounts. Several clients have agreed to allow Consul to cater events for public customers in the accounts' facilities on weekends and evenings. The proceeds from this "commercial catering" in turn help subsidize the accounts' employee foodservice.

Downsizing and new services. As portions of large kitchens are closed down either for lack of labor or fewer customers, new downsized services are emerging. Restaura, the foodservice management division of Greyhound Dial Corp., just introduced its RestauraMart, a convenience food store that can be run by two people. They are designed for accounts with several facilities located at distances and for companies with 500 employees or less.

Mobile carts are gaining in popularity as well. Carts, which come in simple to elaborate configurations (some have a complete grill), do a brisk business in everything from coffee and pastries to full-line, prewrapped lunch items. Most operators say the carts pay for themselves within a year. *—Beth Lorenzini*

B&I FEEDERS PREDICT SUCCESS WITH BETTER SERVICE, TAKEOUT, PRE-MADE PRODUCTS

■ "Great service, in everything from the way the customer is greeted to making sure tables, chairs and salt and pepper shakers are clean, is what will distinguish the good operations. The only difference between a cafeteria and a restaurant should be that the customer carries a tray. Displaying food, fulfilling special requests, visiting with diners are just a few of the small details that will make the customer come back." *—John Nelson, vice president and division general manager, Consul Restaurant Corp., Minneapolis*

■ "I think we'll see a decline in the number of executive dining rooms in business foodservice. They are very expensive to run, and are very labor intensive—it will be hard to support them. On the other hand, takeout has great potential. We just need to find a good way to package items practically and attractively, complete with instructions, and to market the service." *—Beryl Yuhas, Beryl Yuhas & Associates, San Francisco*

■ "Customers' traditional perception of employee feeding is that it is their right to have all the benefits of a good foodservice at a low cost. I think that customers need to be made aware that subsidizing carries a cost, that free ice, unlimited condiments and free cups for vending machine sodas, for example, add up. Some companies are beginning to charge for these hidden expenditures—and are finding that after the initial grumbling, customers are willing to pay." *—Martin Cherneff, principal, M.H. Cherneff & Associates, Monterey, Mass.*

■ "The quality of the prepared foods we're finding on the market has really improved—you just have to know how to prepare and present the items well. I know there are die-hards who say that making items from scratch is the only way to go. But we have bake-off products that our customers think are scratch. If the customer is satisfied and it's costing you less in labor, who are you kidding?" *—Prescott Slee, director of hospitality services, Herman Miller Inc., Zeeland, Mich.*

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SCHOOLS

More schools ponder dropping out of the NSLP as labor and food costs rise and demands for accountability increase.

1991 real growth: 1.3%
1991 sales: $14.185 billion
Market share: 5.5%
Units: 89,000

The pictures being drawn of schools these days aren't filled with vibrant colors. As calls for higher taxes, tighter controls and greater spending cuts reverberate across the country, schools—including their foodservice directors—can find no quiet place to hide. In New York City, for example, Schools Chancellor Joseph A. Fernandez recently was told to slash this year's budget by 2%, or $94 million, and cut the budget for the fiscal year by $245 million. He says that the last place he will cut will be in the classroom.

The shouts aimed at school foodservice directors are demanding: Accountability! Foods more popular with students! Nutritious meals! Contributions to the bottom line! And no excuses will be accepted.

Nutrition vs. making money. Yet in some cases the demands are contradictory. "Many of us are talking out of both sides of our mouths," comments one director. "We're still saying we want to sell nutritious meals, but reality has us emphasizing our a la carte program because that's where we can make money."

The result? A steady erosion of the foundation of the school-lunch program. In fact, many schools in more affluent areas are seriously considering dropping out of the National School Lunch Program. If this situation weren't disruptive enough, far fewer districts are offering any kind of subsidy to the program—so food quality and service has started to decline as "saved" dollars are used to pay rising labor costs.

Revised guidelines: Can schools afford them? Pressures also are mounting on the menu front. Although most school foodservice directors have been cutting back on salt, sugar and additives in menu items for years, some fear that adhering to the Dietary Guidelines might put them in a further bind.

"It wouldn't surprise me if the government tied reimbursement to adherence to the guidelines," says one school foodservice director who requested anonymity. "And I'm afraid if we cut much more fat out of our menu items, we won't meet the calories requirement without adding another item. And who can afford that?"

All this has helped instill a fear in many directors that their programs will be taken over by contract companies, which also are looking to expand their market base and increase their incomes. The arguments haven't changed, but the conditions have. School foodservice departments are being held more accountable and contract companies often can provide cheaper labor—no small concern—and tighter controls.

More meal appeal. Yet school foodservice directors remain flexible. They're forming buying consortia, seeking new ways to make school foodservice more appealing and accessible to students, and unearthing ever-more-creative ways to increase their income. Schools now sport gourmet deli selections and many are offering more substantial lunches since their customers often don't get a traditional dinner at home anymore. Why not? Even in suburban areas, many children come from homes with working parents and little cooking is done during the week. So more children are now opting for such school-lunch menu items as turkey and mashed potatoes. ***—Susie Stephenson***

REPORT CARDS FROM SCHOOL FOODSERVICE DIRECTORS

■ "We're still going to have choices. People say to kids as they are growing up, 'I want you to make your own choices.' If you tell them that, then you have to offer choices. And you have to put good selections out there so whatever they choose is a good choice." *—Bernice Mayes, director of cafeteria services, Newark, N.J.*

■ "We can no longer be a multiple menu operation and keep our labor costs down. We'll be going back to simpler offerings, simpler concepts—not all the choices.

"Balancing the budget seems to be taking so much time. Dealing with personnel problems seems to be becoming an increasingly heavy load, too. Getting enough qualified people seems to be more difficult this year. And the paperwork and accountability seems to have risen dramatically." *—Joyce Levandoski, director of school foodservice, Rochester, N.Y.*

■ "I sometimes think that USDA fails to see that we're in the business of feeding kids, not paperwork and accountability. Certainly that goes with it, but a degree of tolerance has been lost." *—JoEllen Miner, director of foodservice, Minneapolis Public Schools*

■ "If anything will encourage school districts to opt out of self-management, it'll be that they can't pay for their own benefits.

"As long as we are not a contracted service, we have to offer a benefit package that is comparable to that of other employees in the district. The union contract—the teachers'—drives everybody else's wages. The school board's philosophy is if we give an increased benefit, we do it for everyone." *—Ruth J. Jonen, director of foodservice, Township High School District 211, Palatine, Ill.*

■ "We've been looking at the possibility of some group purchasing. We're a very small system. We serve only 4,000 kids. Procurement is really going to be the biggie this decade." *—Sandra Hudson, director of school foodservice, Meriwether County School Foodservice, Manchester, Ga.*

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HOSPITALS

The flow of blood hasn't been stemmed. Further funding cuts and more government controls will continue to wound.

HOSPITALS
1991 real growth: 0.0%
1991 sales: $11.386 billion
Market share: 4.4%
Units: 6,730

When an unemployed hospital foodservice director recently went on a job interview, her appointment was not with the administrator or vice president for support services, as might be expected. Rather, it was with the facility's financial officer.

This new interviewing strategy illustrates the biggest trend occurring in hospital foodservice these days: financial accountability. As one director explains: "We're dealing with too much money and too many resources and taking enough heat on holding the line on costs that we must be businesspeople in order to survive."

New wave of cutbacks. Even though these words might have a familiar ring, today people are taking them more seriously. The first cutbacks have already been made. Gone are the unprofitable facilities, the unskilled foodservice directors. But more mergers and acquisitions—and nobody believes that trend is finished—will mean even good foodservice directors will lose their jobs.

But other health-care experts say that many hospital foodservice staffs have already been cut to the bone and that foodservice directors and hospital administrators will now further streamline present systems. For example, a hospital that's serving 500 late trays a week (all hand-delivered, all labor-intensive) needs to do more to its department than just cut employees.

Labor crisis continues. Finding employees to serve *any* late trays or work in the dish room, on the tray line or any other place in the foodservice department won't be easy. Almost every area of the country is being battered by the labor crisis, and foodservice is being hit particularly hard. When a hospital in Seattle recently placed a newspaper ad soliciting employees for the foodservice department, there were no respondents.

Foodservice administrators' conclusion: The pay needed to attract good employees just might not be there. "I worry that the discrepancy between the professional staff—the nurses and the therapists, for example—and foodservice employees will continue to increase," comments one director. "That doesn't bode well for us."

Rules and regs. Government regulations also cause hospital foodservice directors concern. "DRGs were just the beginning," says a director from the Southwest. "We're going to see more cutbacks in Medicare and Medicaid. Reimbursements will tighten. This will be coupled with some kind of socialized medicine—doctors working for a hospital or a couple of facilities."

Changes in service. Will there be significant changes in kitchens as well? There's little agreement on that subject. Some directors say that restaurant-style service will be the norm in 1991. People will be able to choose what they want and when they want to eat it. But they'll have to pay extra for extra conveniences.

Others say that their hospital's financial department would never accept such a difficult-to-track system.

Regardless how and when meals are served, almost everyone agrees that there will be less cooking from scratch.

Directors also expect a greater emphasis on quality. They say there will be fewer items on menus, but those will be made with higher-quality goods and prepared more carefully. —*S.S.*

STAFFING, CUSTOMER SERVICE AND FOOD COURTS

■ "We've got to meet regularly not only with our administrative liaison but also our administrator. We've got to ask, 'What changes would you like to see in the quality of service? Are we spending too much?' If we don't do that—if we just do the same old thing—we'll be preparing things for a contractor." —*Wally Vette, director of food/environmental services, Memorial Medical Center, Las Cruces, N.M.*

■ "We're in the enviable position of volume growth so we're planning accordingly. We're opening new facilities and renovating old ones. Our catering business is growing by leaps and bounds.

"In the new cafeteria we've set up a food court with pizza, for example, and a stir-fry station so people don't have to wait on line. We're projecting a 10% to 12% volume increase for 1991 over 1990." —*Glenn Larsen, director food/nutrition services, Northwestern Memorial Hospital (ServiceMaster), Chicago*

■ "Hospitals will get into areas that they haven't been in to date. More people will be cared for in homes or day-care programs. There'll be a need to teach people how to take care of these patients. We've got the expertise to teach these skills; we will be [teaching these skills.]" —*Jill Gift, president-elect, ASHFSA, Council Bluffs, Iowa*

■ "I don't see us going to a tier system. I'm more likely to have a guest of a patient on tube feeding request a guest tray and announce that she's not paying for it since her husband isn't getting any food." —*Betty Lashier, manager of food/nutrition service, Mercy Hospital, Bakersfield, Calif.*

■ "My biggest concern is staffing. We're having trouble getting people who will last for a month. With the local unemployment rates and the salary that hospitals are paying, it's unbelievable that we cannot find staff. Whenever any of our people go into a restaurant, we hand out our business cards. 'You want a better job?' we ask. 'Come see us.' " —*Paul P. Marki, manager, nutrition and foodservices, University Hospital & Clinics, Columbia, Mo.*

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LODGING

Economic downturn might expand the labor pool, but money-conscious hotel F&B guests put the pinch on profits.

1991 real growth: 0.6%
1991 sales: $9.459 billion
Market share: 3.7%
Units: 25,700

For hotel operators, the potential plus side to the economic downturn the country faces is a broader labor pool for hotel food and beverage operations. If the number of unemployed laborers rises, the ranks of potential F&B employees also will expand.

Employers often hard hit by the lack of quality laborers stand to do better in a down economy. "Out-of-work people from industries with perhaps better reputations as employers might tend to 'trade down' for hotel foodservice jobs," says Sean Handerhan, director of F&B marketing, Marriott Hotels and Resorts, Washington, D.C.

Consumer spending sets the mood. So much for bright news from the economic forecast. The public's tightened purse strings will affect both hotel dining rooms and banquet sales. "While we may not actually be in a recession, spending habits in the second half of 1990, particularly in banquet sales, suggest the onset of a self-fulfilling prophecy," says David Zadikoff, vice president of F&B, Hyatt Hotels, Chicago.

Operators, caught between lower customer spending and increased food costs, might look to some healthful food trends for help. "We don't use as many heavy sauces, which saves labor. Salads are easier to prepare than other menu items, too," says Dean Chininis, director of F&B, Ritz-Carlton Buckhead, Atlanta, Ga. He adds, however, that the cost of lettuce is rising with the cost of transporting it.

Informal settings, ethnic combos. Casual hotel restaurants, regarding both design and menu, will continue to replace traditional three-meal dining rooms. However, operators will avoid flash-in-the-pan food trends and concentrate instead on mixing successful items from different ethnic cuisines. "Oriental and Mediterranean items have been very successful in 1990, and will continue in 1991," says Zadikoff. "Also, our food costs are not as high with these cuisines as with others."

Banquets on a budget. The banquet business—the other, more profitable, side of hotel F&B—already is feeling the economy's downturn. Meeting planners are much more careful with their budgets, often eliminating cocktail parties the night before a conference or event and sometimes letting attendees fend for themselves at mealtimes rather than including a banquet meal. "We will need to retarget our banquet audience," says Marriott's Handerhan. "If corporate meetings are down, for example, we should go after association meeting business; associations often meet to help their members cope with hard times."

To keep costs in line, many operators will keep such items as veal and lamb on the menu, but will forgo more expensive cuts such as tenderloins for less expensive rib chops and shanks.

Alcohol sales dry up. Maintaining beverage alcohol sales will continue to be a challenge. "We are in an era of neoprohibition," says Peter Hothorn, F&B director, Omni Hotels, Hampton, N.H., referring to increased anti-drinking legislation and heightened social awareness of drinking problems. Within this climate, appropriate options include flavored, sparkling waters and nonalcoholic beers. A wider selection of alternative beers and wine will appeal to customers who still drink, albeit less, alcohol. —***Rob Townsend***

HOTEL HAPPENINGS: LABOR, COSTS AND TECHNOLOGY

■ "The culinary schools aren't giving their students a true sense of the effort required to work in hotel foodservice. It is a lot of hard work, some of it mundane, but all of it crucial to the business. Today's graduates want to be F&B director *tomorrow*. That is why we are developing our own labor pool; we recognize the talented ones and give them responsibility and guidance." —*Gavin Speirs, F&B director, Drake Hotel, Chicago*

■ "The majority of today's hotel chefs, F&B managers and general managers have not worked through a recession before. They have seen good times and the rapid growth of new properties, but they have not seen hard times. Corporations have to train their people to react quickly. The successful ones will manage their operations on a day-by-day basis, in the month for the month." —*Don Clawson, vice president of F&B, Radisson Hotels, Minneapolis*

■ "We have to concentrate on solid food that customers perceive as a good value. After all, a great burger is like a melody."—*Clark Wolf, F&B consultant for Loews Hotels, New York*

■ "Our food prices have risen about 5½% since the onset of the [Persian Gulf] crisis; distributors and manufacturers jacked their prices up immediately. If the recession continues or if oil prices continue to rise, food prices will be tremendously affected. Heating and air-conditioning costs will rise also, especially in larger properties. We will have to be very careful in how we increase prices." —*Peter Kleiser, senior vice president of F&B, Hilton Hotels, Beverly Hills, Calif.*

■ "We are testing the *sous-vide* process at several locations and I think it has potential. Buying *sous-vide* food from vendors means an obvious savings in labor and efficiency. Because it is easy to prepare, we can be more flexible in the employees we hire. The process also assures good food quality consistency." —*Sean Henderhan, director of F&B marketing, Marriott Hotels and Resorts, Washington, D.C.*

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COLLEGES & UNIVERSITIES

Foodservices deliver what students want—more choice in everything, from the food they eat to the way it's purchased.

1991 real growth: 0.2%
1991 sales: $7.651 billion
Market share: 3.0%
Units: 3,460

When an Arizona-based marketing firm asked college students across the nation what they wanted in their campus dining programs, the answer came back strong: flexibility. Colleges and universities that succeeded in the past with traditional meal plans now are finding students want to eat at different times, opt for a cash operation as a break from the dining hall, eat anywhere on campus, take food out and dine with friends who are not on a plan.

Cafeteria-style payment options. Flexible dining plans are flourishing—and hundreds of setups exist. Declining-balance debit cards, which allow students to buy food at any facility on campus (residential dining hall and cash operation alike), are especially appealing to commuters and other nonresident students. Meal-plan-plus-points systems give residential students who must buy a meal plan added points to use in cash operations at any time.

The investment in debit-card, multiple-meal-plan and meal-plan-plus-points systems is well worth the cost, says Wini McGuane, associate director of dining services at the University of California-San Diego. Not only do sales increase when students can eat when, where and with whom they wish, she says, but the computer hardware needed to implement various meal systems also can generate reports that give foodservices a good handle on demographics. Knowing the student population's habits makes purchasing and labor scheduling more efficient.

Multiple choice scores high. In addition to flexibility, students want choice. Creating branded concepts—both home-grown and commercial—is a trend that will continue.

Many operators choose to bring in well-known commercial chains to capitalize on the name recognition. Also, rather than try popular but sophisticated ethnic foods such as Asian on their own, operators are looking for commercial chains that specialize in those cuisines.

The logistics of contracting with any kind of chain vary. University of Southern California foodservices, for example, opted to become a franchisee of Carl's Jr. rather than simply to lease space to the chain. Susan Wilkie, director of foodservice, says that decision was made because the department is committed to self-operation and Carl's Jr. was the customers' chain of choice. USC is realizing a 12% to 15% contribution to the bottom line by running the unit themselves.

Purchasing power. Cost-plus buying is becoming a norm. Operators make a deal with a single primary vendor to buy the bulk of the goods needed for the vendor's cost plus a set percentage. The larger the school, the lower the percentage. Cooperative buying dovetails with cost-plus as colleges and universities team up with nearby schools, campus medical centers and local businesses to combine purchases and reap the cost savings of volume buying.

Extracurricular revenue sources. Catering, mobile carts (to sell hot dogs, coffee and baked goods, tacos, and popcorn, for example), self-operated vending, convenience stores and pizza delivery are just a few of the services operators look to generate extra revenues. These services not only help increase sales, but enhance foodservice's image as a service entity. —*B.L.*

TRENDS AND PHILOSOPHIES ON CAMPUS

■ "Taking five years to graduate is becoming the rule rather than the exception. What that means to us is that we have a whole new market of students who, by that fifth year, are living off campus and are very sophisticated in their tastes. Flexible card systems will allow us to gain that market." —*Burr Jackson, director of campus food services, Indiana University, Bloomington*

■ "I've heard a saying that in the past, college foodservice moved at two speeds, glacier and continental drift. Today, we can't even get enough information from our own segment to keep up with customer demand. We have to look to other institutional segments, restaurants and chains to find out what we need to do to fill customers' needs." —*Frank Gladu, director of dining services, Vanderbilt University, Nashville, Tenn.*

■ "I was told that, when going for branded concepts, bringing in a 'real' chain can increase sales by as much as 40%. That's how much impact name recognition carries." —*Mike DeRousse, director of campus foodservice, University of California-Santa Barbara*

■ "We have to project what our room, board and tuition increases will be for the following year in the spring. If our projections are wrong, the consequences could be dire. If a restaurant's food costs go up during the year, they can raise menu prices. We can't do that easily. Our institutional customers, who come in day after day, are very aware of price fluctuations, and they frown on increases. So we learn to get really good at manipulating the menu." —*Peter Eckel, manager of Food Stores, Michigan State University, East Lansing*

■ "If my administration is going to ask me to do more with less, and increase my contribution to the institution, then I need the revenue opportunities to fulfill those requests. Fortunately for me, my administration supports this philosophy. Exclusive catering rights is one example." —*Jerry Mimnaugh, director of foodservice, San Jose State University*

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MILITARY

Budget cuts force military foodservice operations to develop attractive marketing schemes and money-saving strategies.

1991 real growth: 0.4%
1991 sales: $5.908 billion
Market share: 2.3%
Units: 3,320

Military foodservice is facing most challenging times. Field operations are getting their first test in several years under true combat conditions in the Persian Gulf. Meanwhile, economic conditions at home have led to budget cuts and losses in appropriated funds, forcing foodservice personnel to focus on reducing costs or producing revenue.

Since last fall, attention has been highly focused on supporting troops involved in Operation Desert Shield in Saudi Arabia. Meals Ready-To-Eat (MREs) for mobile units in advance positions have been accounting for up to two meals a day. As positions have stabilized, however, kitchens have been able to serve more hot meals—as many as two a day.

Back in the United States, all branches of the military are looking for ways to enhance productivity as budget cuts affect foodservice operations.

Non-food expenditures slashed. According to Maj. Ken Lasnier of the Marine Corps Food Service & Subsistence Section, cuts of up to 25% will shrink operation and maintenance budgets. While some plans to upgrade permanent locations will be dropped, he says, most Marine Corps structures are in good condition today. The impact will not be as drastic "as long as we use our money smartly," says Lasnier.

Maximum calorie counts enlisted. On military menus, the trend toward more nutritious offerings continues. The Air Force's new worldwide menu, for example, includes items marked SLIM (Sensible Limited Intake Menu). SLIM is part of a new Air Force requirement that 1,500-calorie maximum menus be available at each meal. The menu also includes a low-cholesterol egg recipe, more broiled and baked fish entrees and an expanded breakfast bar with lighter alternatives.

The Army Center of Excellence, Subsistence, Fort Lee, Va., is revising recipes to cut back sodium and fat. More fish and poultry and low-calorie dressings are among the changes. New oatmeal bread recipes have been added to increase fiber. At new carryout dining facilities, healthful options such as broiled chicken sandwiches, salads, yogurt and fruit are available.

Clubs track civilian trends. In the club systems, loss of funds is making it critical for operations to produce a profit, or at least break even. The Air Force has developed a cost-effectiveness team that travels the world, making recommendations and implementing cost-savings ideas on the spot. The Navy club system is imposing rigid financial performance standards, mandating a 60% gross profit on food operations.

Ronald C. Barnett of the Army Community & Family Support Center expects an increase in the number of home-delivery services and continued focus on catering operations as major revenue producers.

The evolution of the club system also means further movement away from traditional rank-segregated clubs and toward commercially designed concepts. The Navy Morale, Welfare and Recreation Division launched a pizza and pasta concept called Parcheezi's last fall at the Naval Air Station Moffett Field, Calif. Plans call for a Tex-Mex operation, also Navy designed and operated, to open in the summer of '91.

—Jeff Weinstein

MILITARY STRATEGIES: CUT COSTS, BECOME SELF-SUFFICIENT

■ "The biggest challenge in Operation Desert Shield is the 8,000 mile distance and our ability supplying and sustaining forces with food. The desert environment does funny things with equipment. Also, learning field sanitation skills has been a real challenge." *—Maj. Ken Lasnier, Marine Corps Food Service & Subsistence Section*

■ "Upon completion of a customer-care training program for a Navy-wide awareness and image marketing initiative called 'First For Fun,' each employee will receive a certificate of completion and become eligible for the local employee awards program. The payback to the employee will also include a greater sense of pride in having the tools with which to do a better job." *—Ed Pratt, Navy Morale, Welfare and Recreational Division*

■ "We're developing more sophisticated nightclub entertainment operations, including a sports bar and a high-energy nightclub at a submarine base in New London, Conn. We're looking for facilities that will target the 18- to 25-year-old single sailor." *—Larry Kelly, Director, Navy Morale, Welfare and Recreational Division*

■ "We are developing a marketing strategy with a theme and logo to promote nutrition awareness. Table tents, menu stick-ons and fliers will be used throughout the Air Force to call attention to healthy menu items." *—Lt. Col. Patrick D. Eagan, Air Force Engineering & Services Center*

■ "We are monitoring the civilian world so troops in our dining halls have the same choices they would have in any downtown in America." *—Loraine Salerno-Sorensen, Supervisory Home Economist, Army Center of Excellence, Subsistence, Fort Lee, Va.*

■ "Overall, clubs in the U.S. will no longer receive federal subsidies. As a result, in many instances, food prices and other charges will increase. It is likely that there will be fewer clubs overall." *—Ronald C. Barnett, Army Community & Family Support Center*

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RECREATION

Theme park giants face a rough ride, thanks to travel uncertainties; but local fun such as bowling and sports should continue strong.

1991 real growth: 1.6%
1991 sales: $4.176 billion
Market share: 1.6%
Units: 30,600

Amusement-park wisdom has it that two things boost attendance: a strong economy and major new attractions. If that's so, park operators large and small might be headed for a bumpy ride in 1991. New big-name attractions are scarce, especially down in the heart of park-ness, Orlando, Fla. What's more, a serious crisis in consumer confidence in the peak vacation-planning months could lead to a lot of curtailed or canceled travel in the summer of '91.

Magic Kingdom under siege? Disney World opened MGM Studios in '89, and "Star Tours" and a new Muppet character park in 1990. But now, with Euro Disneyland set for a '92 opening and California's Port Disney not even in the permit stage, Disney embarks on a stretch of several years without a splashy new opening.

That fact, combined with the prospect of rising unemployment and the effect of Iraq-nophobia on gas prices and air fares, has set analysts to worrying about the company's park traffic in '91. With some reason: While Disney's theme parks and resorts business generates half the company's revenue and almost two-thirds of its total operating profit, the division saw only a 0.6% rise in operating profits in fiscal '90. Parks traffic was flat to down this past summer, perhaps 5% lower than 1989's gate. Per capita spending at the parks rose—but so did the cost of a four-day admission pass.

Universal troubles. Just down the road from Disney World, its long-awaited rival, the $630-million Universal Studios Florida, opened in June with a handful of important rides that refused to work. (The shark from *Jaws*, for example, kept ramming excursion boats full of visitors.) The result was that Universal, which hoped for admission of 5 to 6 million in its first year, started handing out a free ticket with each paid admission soon after opening day to mollify disappointed visitors. Executives said all the rides should be ready in '91.

No. 3 park power Knott's Berry Farm plans to open Knott's Camp Snoopy in the country's largest shopping mall, now under construction in Bloomington, Minn. This will be one of the largest indoor theme parks in the world; but it will not open until September '92.

Like Disney, Anheuser-Busch saw its theme park revenues down in third-quarter fiscal '90. Shortly after buying out the parks division of Harcourt Brace Jovanovich, Anheuser-Busch closed down Boardwalk & Baseball in Orlando, Fla.; last summer it cut the staff of the Dallas Sea World by 60%. In '91, Sea World Orlando visitors will be able to follow a visit to Shamu with a tour of a working brewery.

Fun closer to home. Speaking of beer, the bowling revival seems to continue apace. In fact, if hard economic times do set in, many analysts look for venues like bowling alleys and sports arenas to do even better than in recent years, since they have a relatively high perceived value as a family evening out.

The same can't be said of theatrical films, however: Movies might have entertained the country during the Great Depression, but they weren't charging up to $7.50 a head—*without* popcorn—at the time, and they didn't have cable and the VCR as competition. Film attendance was off 8% in 1990. —***B.Q.***

UPSCALE ARENAS AND OLDER PARKS

■ "More and more amusement parks are facing the graying of America and the growth of a new young-child market; on the other hand, they see the dwindling of the teenage/low-20s market, the typical thrill-ride customers. So they're spending less money on rides and luring back the older people, the grandparents with kids, with shows and free stuff or single-admission entertainment. They're also spending more on their food operations. Instead of simply having six food booths, many parks are converting old merchandise areas into full-service restaurants. Some are even building whole new facilities. And they're serving a lot of health-oriented foods, low-fat and low-cholesterol items, substituting frozen yogurt for premium ice cream and serving more bottled water." —*Tim O'Brien, Southeast region editor,* Amusement Business

■ "We've upscaled several foodservice operations in [New Jersey's] Meadowlands Arena to look like branded concepts, with their own logos. For example, the arena has six Frankworks where you get essentially the same frankfurter as before—but it's on a seeded roll and comes with any kind of topping imaginable.

"We also have Primo Pizza and Blue Ribbon Burger, where the burgers all have names and are larger than before. These are recognizable products; they have lots of color photo signage and appear in more than one place around the facility. They have identities for the customer and enhanced price/value that justifies a higher price." —*Bob Smith, vice president of marketing, Harry M. Stevens, Cranbury, N.J.*

■ "While bar and lounge receipts were up slightly in the last year, I honestly don't expect that to continue in '91. To combat that, we're doing a lot more food promotions and expanding our restaurant operations. We'll also have a customized kids' meal program rolling out into all our bowling centers, with free bowling as a prize and a box that looks like a bowling bag." —*Tom Savvides, vice president of food and beverage, Leiserv Inc., Skokie, Ill.*

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NURSING HOMES

Legislation requiring nutritional assessment of new patients forces changes in dietary services and costs.

1991 real growth: 2.1%
1991 sales: $4.088 billion
Market share: 1.6%
Units: 15,325

LIFE CARE & ELDER CARE

1991 real growth: 2.5%
1991 sales: $1.019 billion
Market share: 0.4%
Units: 4,275

In response to OBRA, the new federal patients' rights legislation, many nursing homes are radically changing staffing and production patterns for delivering foodservice. One exception is in California, where the state agency is refusing to pay providers to comply on the grounds that OBRA creates unacceptable financial strains.

OBRA, known formally as The Ombudsman Reconciliation Act and which took effect last October, requires nursing homes to perform a thorough nutritional assessment of patients within four days of admission. At a time when registered nurses and dietitians are in short supply, particularly on the East Coast, some institutions could be cited for noncompliance because they cannot find enough qualified staff to perform the assessments.

More choices for patients. OBRA gives patients more latitude to decide not only what, but where and when they eat. "It's affecting many areas of our program," says Marianne Sobkowiak, a regional administrator for The Hillhaven Corp., Tacoma, Wash. "Taken to the extreme, we could be feeding patients on demand 24 hours a day." Still, she and her staff are looking at the new legislation positively, using it as an opportunity to market dietary services more actively.

One concern is giving patients choices while making sure their diet is nutritionally adequate. For example, when a patient chooses to sleep in and have a lighter breakfast than was served earlier to other patients, those lost calories must be made up later in the day in the form of a snack or heavier meal.

Too, more people might choose to eat in their rooms, not only hurting foodservice efficiency but depriving residents of exercise and socializing opportunities important to their health. To encourage them to leave their rooms, some institutions will set up a dining area in each wing of the building, with microwaves available to reheat items.

More regulation seen. Other segments within the continuing-care market could someday be regulated as strictly as nursing homes. "Recent studies by congressional committees focused on standards for assisted-living centers," says Policy Analyst Susan Pette. She says that the cost of operating assisted-living centers would go up, but federal reimbursements, for instance Medicare, might not rise.

For this reason, many companies might be reluctant to move into the life-care field even though demand will burgeon in the next few decades. The Seiler Corp.'s Richard Spratley says, "There is a question of whether individual investors will be willing to put money in bricks and mortar in the face of more stringent regulation." He thinks hospitals, especially nonprofits, are most likely to branch out into nursing homes and other services to the elderly. ***—Toni Lydecker***

BEAR MARKET FOR LIFE-CARE SERVICES

■ "Because of food costs, we're trying to prepare as much from scratch as possible. We've looked at pre-prepared puréed products, but with the number of people we have on those diets, we're better off making them ourselves. We've put food processors and steamers in all our facilities, which allow us to do batch cooking closer to mealtime. We're looking to streamline the tray line, so some dishes go on the tables and the main dishes are sent out waitress style." ***—Marianne Sobkowiak, Midwest Dietary Services manager, The Hillhaven Corp., Tacoma, Wash.***

■ "OBRA is a double-edged sword for contract companies. It calls for a greater degree of professionalism in dietary care, but on the other hand, it will increase staffing costs. We think nursing homes will turn to companies like ours for that expertise and for the management controls to offset extra costs." ***—Richard Spratley, regional vice president, The Seiler Corp., Waltham, Mass.***

■ "A lot of investors are waiting to see if there will be more government funding of long-term care services. But the way it looks now, it's more a matter of holding on to current funding levels." ***—Susan Pette, director of health policy, American Association of Homes for the Aging, Washington, D.C.***

■ "Rather than nursing aides, we could have foodservice employees doing some feeding of patients. This would make sense because they are the people with food expertise. And it would give nursing homes another way to get input from patients." ***—Jill Giff, president-elect, American Society of Hospital Food Service Administration***

■ "I predict that within five years people who can afford private care in nursing homes will find they can afford care in their own homes. Already, homemaking services have foodservice professionals on their staffs to provide Meals on Wheels programs, and foodservice management companies could move into this area." ***—Hugh O'Reilly, director of dining services, Johnson & Wales University, Providence, R.I.***

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SUPERMARKETS

Supermarkets add to refrigerated self-service entree sections, hire corporate chefs and build sit-down restaurants.

1991 real growth: 7.5%
1991 sales: $2.742 billion
Market share: 1.1%
Units: 5,420

In the early 1980s, supermarkets suffered decline in retail sales and blamed it on competition from food-away-from-home outlets. Then they got smart. They saw the demand for easy-to-prepare meals and put money into deli sections, prepared-food sections (both hot and cold) and in-store bakeries.

Today, 91% of supermarkets have service deli departments; 19% have sit-down eating areas; 38% have salad bars and 32% have soup bars, according to the supermarket trade publication *Progressive Grocer*.

Compounding interest in prepared foods. Small and large supermarkets alike are expanding delis, bakeries and takeout sections, devoting more square footage than ever to such areas. Supermarket executives identify these departments as the most lucrative in the stores, accounting for as much as 10%-15% of revenues in some stores. Bill Baffes, owner of the independent County Fair supermarket in Chicago, recently expanded his deli department and added an in-house bakery. "The deli department used to bring in only about 5%-6% of sales. Now during the slower winter months, it accounts for 10%, and next summer I expect it may hit 15%," says Baffes.

Consumer rush on convenience. Supermarket foodservice success is due in part to consumer desire for convenience. Faced with more time constraints, people are seeking ways to ease their busy lives. Takeout, home delivery and drive-thru have thrived in this atmosphere, and supermarkets are reaping the benefits of this trend.

"A lot of people come in and purchase our food instead of going to a fast-food outlet," says Jim A. Santiago, chef for V. Richards grocery in Brookfield, Wis. "Single people and two-income families will grab refrigerated prepared entrees for two to three days ahead."

More than macaroni salad. Traditional service deli foods have expanded to include more exciting items like curried chicken salad and blue cheese potato salad. But the trend is toward self-service because customers are less and less willing to wait for service. Chilled prepared takeout dinners that are easy to microwave win top billing. V. Richards offers a number of these entrees, including a variety of Mexican dishes, prepared fish entrees and Oriental offerings.

Personnel investments. More supermarket chains are hiring chefs to head fully stocked foodservice kitchens in an effort to upgrade deli offerings and lure people away from traditional restaurants. Many new stores are including sit-down restaurants in their floor plans in addition to deli-bakery sections.

Fighting bacteria takeovers. Improving food safety is one challenge supermarket delis face. Delis have traditionally been staffed by relatively untrained personnel with little to no training in sanitation. Recently, the media has been paying more attention to the potential for food poisoning in salad bars and deli cases. "I think having trained chefs heading deli departments will help to diminish that problem," says Santiago. He says he trains the staff in food-safety procedures and dates all refrigerated entrees so that they are pulled after four days.

—Nancy Backas

SUPERMARKET FOODSERVICE BRINGS IN THE BUSINESS

■ "At the last weekly managers' meeting I found out we had the highest sales in the store. Our volume increases as we add new entrees to the deli department. And we are doing a lot of business at lunch and dinner in the loft cafe that is priced for both low- and high-end customers." *—Jim A. Santiago, executive chef, V. Richards, Brookfield, Wis.*

■ "Last year our service-only deli business grew by 18%, and it has grown even more this year, much more than we expected. We had a major expansion three years ago and now we are stretching for space. We have to utilize evening production to keep up with the demand. We may have to build up like a mezzanine to accommodate the increased need." *—Carol Moore, director of foodservices, West Point Market, Akron, Ohio*

■ "It's unbelievable how quickly we have seen a return on our investment. We just remodeled our store and expanded the deli department in October and already it accounts for 10% of sales." *—Bill Baffes, owner, County Fair, Chicago*

■ "Supermarkets that are the innovators are the ones hiring chefs. Most people running grocery stores started in the business when most of what they sold were dry goods and raw materials. They don't know how to sell prepared foods. Who better to help them but a trained chef? And chefs help stem sanitation problems. How can they have sanitation knowledge when they don't have food-handling knowledge?" *—Marc Waltzer, Marsh Supermarkets, Yorktown, Ind.*

■ "Refrigerated entrees are growing in popularity the most. People want to take it home, enjoy it in their own setting at their own convenience. Sixty-three percent said they bought partially prepared entrees in 1986; in 1990, it jumped by 20 points to 83%. Those 65 and older and single people are most likely to take out food from supermarkets." *—Edie Meleski, manager of communications, Food Marketing Institute*

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TRANSPORTATION

Rising fuel prices mean higher costs, tighter controls on foodservice and severe cutbacks for the nation's airlines.

1991 real growth: 1.1%
1991 sales: $3.367 billion
Market share: 1.3%
Units: 155

No foodservice segment has been more affected by the Gulf crisis than the airline industry. Fuel prices hit $1.20 a gallon in November, nearly triple what they were before Iraq's invasion of Kuwait.

Collectively, domestic carriers have recorded their poorest showing in history. Losses for 1990 are predicted to hit $1.5 billion to $2 billion, double those of 1982, the worst year to date, when operational losses totaled $733 million.

During the last three months of 1990, costs per trip jumped 15%-16%, says Daniel Hersh, a Denver-based airline analyst with the securities firm Bateman Eichler, Hill Richards.

Food's value as a variable. Escalating prices and devastating losses have put greater pressure on management to cut services. In a business where some costs can't be controlled (i.e., fuel), you make it up in areas where you can, says Pat O'Brien, United Airline's vice president of foodservices. "Food costs are expected to increase 5% to 5½% this year. I can't control the cost of strawberries. But I can decide whether to put them on the plane."

Most hope the crisis will be short term. To that end, they are setting their sights on future trends. United, American and Northwest are handling more fresh prepared products vs. frozen entrees. Meals will be lighter, with less cholesterol, fat and sodium. The trend itself is not new, says O'Brien. But given an aircraft's environment and resources, it's a difficult trend for airlines to implement.

Three or four years ago, only 10%-20% of passengers would opt for light fare, says Gary Franson, senior director, system food service for Northwest Airlines. "Now, 50% of the first-class passengers want it," he says.

Menu experiments. Airlines are experimenting with pasta offerings, more hot and cold entree choices for breakfast and dinner, and healthful items such as fresh fruit, grain cereals and yogurt. Northwest breakfast flights supplement the traditional omelet with french toast made with whole-grain bread or raspberry crepes. In an innovative test, some American flights are offering single-serving cups of I Can't Believe It's Yogurt frozen yogurt.

Recession bails out labor plight. Airlines also face the specter of higher labor costs, which vary widely, depending on catering locations. However, turnover appears to decline in tandem with the rise in unemployment in certain cities, says Franson. it's evident in places such as Boston, he says, "and, as people stay in jobs for longer periods of time, we get more consistent service from caterers."

The chief challenge facing airline caterers is adapting to each airline's changing requirements, says Jim Long, vice president and account executive, Dobbs International Services. "I think once this crisis is over, airlines will go back to using foodservice as a marketing tool and competitive edge," he says. "Some airlines already are doing fun things such as baking cookies on board and letting the aroma drift throughout the cabin."

Environmental concerns and recycling also plague airlines. Throw-away plastics are giving way to reusable varieties with a 20-time use factor, about the same durability as ceramic plates and cups. ***—Barbara Magan Dawson***

OPERATORS EXPECT SATISFACTORY LANDING DESPITE TURBULENCE

■ "I think that, as we grow, the speed with which we have to meet the consolidation taking place within the industry is dramatic. Our ability to support all our diverse geographical locations, logistically, is a bit daunting. Today, we're serving routes from Bangor to Bangkok. We have to get all those meals, knives, forks and spoons to each and every location. We have the logistical umbilical cord to make that happen. But the challenge becomes even more heroic as we spread into Europe and beyond in the '90s." *—Pat O'Brien, vice president of foodservices, United Airlines, Elk Grove Village, Ill.*

■ "A year ago, I might have had a different response to the labor question. Then, it was very, very tight. Turnover was as much as 200% to 300% in some catering locations. Today, higher unemployment rates are stabilizing the work force in some places. People are staying in jobs longer. That's to our advantage." *—Gary Franson, senior director, system food service, Northwest Airlines, Egan, Minn.*

■ "There's no relationship between oil prices and foodservice other than the pressure it puts on management to cut costs. On the flip side, those carriers which are growing fairly strong in the international market, Delta and American, will continue to upgrade foodservice to compete with foreign airlines. Foreign carriers are perceived by American travelers to have a better product." *—Daniel Hersh, airline analyst, Bateman Eichler, Hill Richards, Denver*

■ "Foodservice is one of the few ways airlines can differentiate between each other. But so little has happened. Menu selection, ingredients, presentation aren't any better today than they were 10 years ago, particularly in coach class. Competing for customers with upgraded meals and the cost efficiencies of doing so are counteracting pressures that have always been there. I don't see that changing. But those pressures are compounded by the current economic situation." *—Robert Patterson, Laventhol & Horwath, Philadelphia*

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CONVENIENCE STORES

Operators learn to bypass broad food trends and instead pay greater attention to regional and demographic preferences.

1991 real growth: 3.3%
1991 sales: $2.768 billion
Market share: 1.1%
Units: 57,000

The seat-of-the-pants approach of the 1980s toward developing, implementing and managing convenience-store foodservice will give way in the 1990s to a more thought-out, disciplined style. In the current economic climate, it's just too expensive to make mistakes.

There is too much diversity to really classify what is happening in c-store foodservice. More operators are adding deli cases for made-to-order sandwiches, but trends are almost nonexistent. Operators are wising up and resisting experimentation with whatever is touted as the latest hot food item. A motto for 1991 might be: "Whatever works for you."

Local preferences win. "One of the problems has been that c-store operators have been reading articles about new menu items and then everyone decides to try them. That is not the answer. It only confuses the customer as to who you are," says Steve Sheetz, president of the 154-unit Sheetz Convenience Stores chain, Altoona, Pa. "It doesn't matter what's going on 500 miles from here. Don't go searching out those panaceas you may think exist," says Sheetz, who is also serving as Chairman of the National Association of Convenience Stores. He suggests instead local surveys and focus groups that introduce c-store operators to their customer bases.

Adventures in cook-chill. Perhaps the most adventurous course for c-store foodservice is being charted by Wawa, Pa.-based Wawa Food Markets. Director of Marketing Lee Smith says the chain plans to convert all 475 stores to cook-chill by January 1991 and introduce a line of hot lunch and dinner entrees.

Why cook-chill? Smith says it is the safest and most sanitary way to prepare food today. Employees won't be exposed to open flames or grills, preparation is simple and the methods of food processing will be consistent regardless of offer or location. Perhaps most important, it gives operators the ability to expand their menus in a store area with limited space.

"For the first time, this technology will enable us to sell what the customer wants, as opposed to selling what we can make," says Smith.

Other Wawa plans for 1991 include the introduction of the Breakfast Bagel—an egg, cheese and meat sandwich wrapped in a bagel. Wawa's "Fresh Buffet" line of fresh, ready-to-heat chilled meals will be rolled out systemwide this year.

Circle-K, 7-Eleven efforts lag. At the other end of the spectrum are these chains, saddled with debt and financial trouble. Industry analysts expect them to pull back on foodservice in order to reduce labor and equipment expenses.

Will gas stations join the race? Somewhere in the middle lie the major oil companies, such as Arco, which have the financial resources and knowledge to implement top-notch foodservice programs. But will they want to dabble in foodservice when the oil game can be so profitable? If the Gulf crisis persists, driving oil prices up and profit down, some experts believe there will be pressure to recover margins by getting more involved with foodservice. If the crisis is resolved and oil prices drop, it remains doubtful whether oil companies will make the big leap. *—J.W.*

C-STORE LEADERS PINPOINT STRENGTHS, WEAKNESSES

■ "The biggest weakness in the c-store industry is a good breakfast program. We're trying to improve ours and come up with a good product selection. We've tried to duplicate the Egg McMuffin and even opened our own Mister Donut so we could distribute fresh baked goods to our convenience stores. That didn't work because of high overhead. Experiments continue in this area. We're looking for something that is easily prepared by store employees." *—Kevin Fox, president, Sugar Creek, Rochester, N.Y.*

■ "People look at the ills of Southland and Circle K and decide the bloom is off the convenience store plant. But the downfall of two companies has nothing to do with anything other than the fact they may have been overleveraged or oversized from a management standpoint. I see tremendous opportunity in growth and profitability. Midsize regional chains will continue to grow, especially north of the Mason-Dixon Line, where c-store density is nowhere near the level it has reached in the South. The shakeout will be among small independents who haven't reinvested in their stores or people." *—Dan Spener, c-store chain foodservice marketing consultant, St. Louis*

■ "Consumers' image of c-store foodservice is poor. The leading reason for the bad image is that execution is poor in so many locations. It is inconsistent and often unsanitary. Presentation and merchandising is crude. Too many items are substitutions due to inventory problems. When operators finally make up their minds to devote enough time and commitment to learn to execute, then they can go somewhere with foodservice. In the meantime, hopefully they won't drive away customers." *—Tom Campbell, president, C-Store Concepts, Plano, Texas*

■ "Operators continue to install deli cases and sell fresh sandwiches. I see things continuing in that direction. Some are into pizza but it's not a big thing from what I can see." *—Al Davis, senior vice president of operations, White Hen Pantry, Elmhurst, Ill.*

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CATERERS

Caterers' customers keep prices down with creative menu substitutions, self-serve formats and smaller portion sizes.

1991 real growth: 7.5%
1991 sales: $3.559 billion
Market share: 1.4%
Units: 32,100

Living up to its reputation as the "recession-proof segment," catering is projected to grow over the next year. That growth will by no means be uniform, however. Operations in the Northeast, especially those with clients in the hard-hit financial and government sectors, are most likely to be in trouble. Many high-end caterers also report that cancellations are up and bookings are down; some of their business is going to contract companies and others able to offer lower-cost alternatives to the lavish parties of the past. At the same time, many operators in the Midwest and West say business is strong, or has slumped only moderately. In some southern states, rising oil prices have rejuvenated the party business.

Customers cutting costs. In all regions, customers anxious to control costs are shopping more carefully for catering services. Tired of high Manhattan prices, a New York company recently employed a Long Island caterer because it cost less, even with higher delivery charges. And before signing an agreement, customers are negotiating harder and sometimes opting for smaller portions, cheaper menus and cutbacks in serving staff.

Creative menu options. Operations Director Bill Koch says customers of Boston-based Creative Gourmets are cutting back on menus. They might eliminate the appetizer course or, in lieu of unlimited shrimp, request one per person, to be passed in the last half-hour of the party.

Creative menu substitutions help trim costs. "Inside round of beef can taste just as fabulous as tenderloin, and there is a cost difference of $3 to $4 a pound," says Chicago caterer Carlyn Berghoff. Other economies: changing bar offerings from premium to standard, or to beer and wine only; eliminating cordials; going light on floral arrangements.

Pared-down service. Self-serve formats, whether the food is elegant hors d'oeuvres or subs, also keep costs down. Duck Duck Mousse suggests a "dropoff cocktail party" to Los Angeles customers who balk at paying service costs. Creative Gourmets recently added heat-and-serve hors d'oeuvres to its Food to Go program, which gives businesses a modestly priced way to put on a business luncheon or afternoon party. It is also offering butler or bartender service to customers who want a happy medium between self-serve and full-service.

The overhead advantage. Caterers typically have lower overhead costs than restaurants, which must keep their doors open whether business is good or bad. Those who operate a fleet of trucks are concerned about high gasoline prices, though. Contractors such as ARAServe, Philadelphia, have an added advantage: The company's Classic Fare catering division borrows facilities and labor from executive dining or hospital accounts during their down times. Helping out with catering is considered part of the job, but chefs and other managers are compensated through the company's bonus plan.

To compensate for lower event tabs, some caterers will market corporate day rates, predicts Michael Roman of the National Institute for Off-Premise Catering. That is, they will bid competitively to cater all meal functions for an event that lasts a full day or more.

—T.L.

CATERING TO THINNER WALLETS

■ "The gourmet caterers are forcing the market into our laps—customers are switching to us because we're the price/value caterers. We're going after business we let others handle in the past. . . . Regional menu differences? There aren't any. Americans are as homogenized as a bottle of milk." *—Paul Quintavalla, director of marketing, Classic Fare, ARAServe, Philadelphia*

■ "Our sales were up 25% over last year until the invasion of Kuwait, when they flattened out. In the Washington area, everyone is feeling the same pinch—we're having to shave profits to do events at the price customers want to pay. But caterers still have an advantage over restaurants, because we can establish a price with each client and then work within it." *—Henry Dinardo, owner, Windows Catering Co., Rosslyn, Va.*

■ "The '90s will belong to anyone who can show the public they have affordable catering. That doesn't mean cheap, but it does mean cheaper." *—Michael Roman, president, Off-Premise Catering Institute, Chicago*

■ "Customers want simple elegance without frills. Theme parties are way down, because of cost. Eclectic menus with a little bit of Asian, a little bit of Italian and so on, are in. The hors d'oeuvres can't just look pretty—they should have earthy tastes, so people go, "Wow," when they take a bite." *—Aleta Parrish, owner, Duck Duck Mousse, Los Angeles*

■ "I think the news reports about a recession are exaggerated. In October we had the biggest month in the history of our business, and I just added three new people. I've even booked a decent amount of business for January, when things can be so bad sometimes you wonder whether the phones are working. Caterers in the Midwest might be in better shape than most because we tend to operate conservatively. I'm very careful about making capital improvements, for instance." *—Carlyn Berghoff, Carlyn Berghoff Catering, Chicago*

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CHILD CARE

Strapped for quality employees, corporations and institutions are finally starting to address the child-care issue.

1991 real growth: 2.2%
1991 sales: $2.607 billion
Market share: 1.0%
Units: 28,200

It's hard to argue with the concept: providing care for the children of working parents. But while many institutions and companies have given lip service to the concept, few have even incorporated the federal tax benefits into their benefit programs, much less made affordable child-care services available at the workplace.

The lack of support has been devastating. Although no one can place an accurate total on the amount of time "lost" on the job by parents juggling work and home responsibilities, everyone agrees it is high.

Hidden costs of home child care. The tug on one's time is often highest among parents who choose to leave their children with neighborhood mothers and, therefore, run the risk of having to jury-rig alternatives. And in many states such home-care operations are starting to clash with local zoning laws, as town building inspectors inform these mothers that they are illegally operating small businesses in residential areas. Additionally, the food served is usually whatever the mother in charge would have been serving to her own child anyway, with no way of telling if it fits USDA guidelines.

Zoning incentives. While no one expects in-home child care to disappear, there does seem to be a trend toward more formal child-care programs these days, many of them on site. Cities such as Seattle and Boston are even using zoning incentives to encourage builders to provide child-care centers for the young children of office workers.

Public-school involvement. Other communities are taking a hard look at an experiment in Independence, Mo. That city is trying to redefine its public schools by broadening their mission to include child care and other services.

Child care via contract management. "I see the day-care business as a classic case of supply and demand," says Marguerite W. Sallee, president of Corporate Child Care, which Marriott formed in 1989 to serve both as a contract child-care provider and consultant for businesses looking to set up child-care programs. "Until now, less than 10% of child care was offered in an organized setting such as a center or a national chain. Most of it was provided in informal settings. But these informal arrangements are starting to dry up as the moms who were running these programs need to go back to work themselves."

Sallee points out that demographics are starting to drive businesses to pay attention to the issue. "As the work force shrinks, employers are faced with the challenge of finding and keeping good workers," she explains.

To date, Corporate Child Care has worked with more than 100 employers, assisting them in the exploration of on- or near-site child-care centers.

Sallee says that the provision of good food and good menus meshes with the company's desire to provide quality child care. Marriott's corporate dietitians, for example, create menus for Corporate Child Care. If the company holds the foodservice contract for the particular facility in which the child-care operation functions, the foodservice director will tailor the menus to mesh with the meal plans of the employee cafeteria, such as making little bran muffins when larger ones are being offered to the adults. *—S.S.*

PROGRESS REPORTS FROM CHILD-CARE CENTERS

■ "We opened our operation in the fall for recruitment purposes. We're in a resort area and the administration was having trouble finding employees. In the competition for employees, we had to offer something extra. The one-story building, put up in the parking lot, has a capacity of 110 kids. We're at 61 now and expect to fill it up.

"Everybody thinks it's wonderful. The hospital has set up a payroll-deduction plan and gives the tax break up front, which brings the costs down." *—James Casaccio, director of food and nutrition services, Burdett Tomlin Hospital, Cape May Courthouse, N.J.*

■ "If the level of interest and number of calls we've received is any indication, this concept of on-site day care is ready to explode, particularly in operations offering care for infants and toddlers." *—Marguerite Sallee, president, Corporate Child Care (Marriott), Washington, D.C.*

■ "We've got 60 kids in our program, which was started in 1985, and a long waiting list. A testament to the quality of the day-care service—including the foodservice—is that all our dietitians have kids in the program." *—Eric Schain, director of food and nutrition services, Concord Hospital, Concord, N.H.*

■ "We have 1,250 operations in 40 states. Our Kindustry program works with companies to offer day care at a number of our nearby sites. We give a 10% discount and the companies match or exceed this contribution. Our Kinder-Care at Work division helps companies start and operate on-site programs. That will probably be the growth area; not too many people are going to be constructing buildings next year." *—Sallye Blake, spokeswoman, Kinder-Care, Montgomery, Ala.*

■ "The food that we offer in our four year-round and two summer-only programs is catered. The caterer gives us a selection of offerings and then we choose. But it's still a process of education. We have to remind them, 'Please, more roughage, not too much salt.'" *—Josie Disterhoft, director, Parkside Children's Service, Des Plaines, Ill.*

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RETAIL

Retailers cut back growth plans and replace dining rooms with smaller bistros, self-service outlets and modified cafeterias.

1991 real growth: 0.3%
1991 sales: $2.057 billion
Market share: 0.8%
Units: 16,100

Despite the soft sales projected for both full-service and discount department stores, retail foodservice operators are not throwing in their towels. Viewing the economy's woes as a short-term crisis, this segment is reacting with some belt-tightening and curtailed expansion—but expansion, nonetheless.

Expansion curtailed, not curtained. Retail giants such as the Minneapolis-based Dayton Hudson Department Store Co., which has chalked up double-digit sales the past few years, is making growth plans cautiously, preferring instead to fine-tune existing operations. Saks Fifth Avenue added 14 units, including a 154-seat upscale cafe in the New York flagship store in November. Following its acquisition by Investcorp., however, Saks has slowed its growth pace, says Donald Lear, corporate foodservices director.

Less window dressing for foodservice. Seattle-based Nordstrom is going strong with its upscale Garden Court concept, unveiled in New Jersey last spring. But the company also has added self-service to many of its foodservice outlets and switched to a modified cafeteria style in others. Neiman-Marcus will go ahead with restaurants planned for Scottsdale, Ariz.; Minneapolis; and Detroit; but these will be downscaled from the Dallas firm's former 100-seat elegant dining-room operations to 60-seat bistros, says Bob Jones, vice president of foodservice.

Discount stores such as Target and K mart are not as seriously affected and have, in fact, aggressive expansion goals. Target will add 50-55 new stores this year and K mart, which opened nearly 100 in 1990, will add another 20.

Debt goes out of fashion. Leveraged buyouts, acquisitions, mergers and refinancing gymnastics are generally seen to be a thing of the past. Many operators blame retail's troubles on these corporate maneuvers, citing as an example R.H. Macy's recent LBO and its subsequent acquisition of Los Angeles-based Bullock's department store chain.

John Lovelace, food and beverage director of Dayton Hudson, which acquired Chicago-based Marshall Field's last year, sees a dramatic tapering off in LBOs and acquisitions. "Heavy debt will not be as fashionable among retailers as it was in the '80s," he says. "I think a lot of hard lessons have been learned."

Custom-designed for consumer appetites. Menus will continue to cater to health-conscious diners, and upscaling product quality will become as important as providing value. Rather than market its own pizza, for instance, K mart has added Little Caesars pizza kiosks to eight of its department stores.

Economy-based labor bargains. Retail is a saturated market in terms of getting employees, says Jim Drury, vice president of foodservice for New York-based F.W. Woolworth. But the labor pool loosened up in June, a fact he attributes in part to layoffs in other industries.

A recession would produce a wider range of personnel to choose from, adds Gary Prosser, K mart's foodservice director. He views it as an opportunity to pick up higher-caliber hourly employees. More troublesome, says Al Hodges, Target's foodservice director, is the continuing fight to attract quality employees on the management level. *—B.M.D.*

RETAIL FOODSERVICE OPERATORS: WHAT'S IN STORE FOR '91

■ "We had been very aggressive recruiting executive labor at universities. Next year, we'll recruit and bring in candidates, but only one or two vs. eight per year during the past three years. Minnesota doesn't have a major labor shortage. Michigan's more difficult and Illinois is worse. Getting hourly employees in those states is more difficult than here in Minnesota." *—John Lovelace, food & beverage director, Dayton Hudson, Minneapolis*

■ "More and more, it's financial people, rather than merchants, who are involved in running department stores. So the emphasis is on dollar return per square foot. If a restaurant isn't a profitable entity, or a draw for the store, it could mean making a change, downscaling, or closing it altogether." *—Donald Lear, corporate foodservices director, Saks Fifth Avenue, New York*

■ "We have to maintain extremely tight controls on food and labor costs. We must be as efficient as we possibly can to maintain our margins. I don't see menu prices going up. Those that do will be minimal." *—Gary Prosser, foodservice director, K mart, Troy, Mich.*

■ "We haven't changed our plans or programs because economic conditions are negative. There is always a crisis of some sort to reckon with. I don't think this one is as long-range as many seem to think. The financial market determines who survives. A weak company won't." *—Jim Drury, vice president of foodservice, F.W. Woolworth, New York*

■ "Healthful foods will continue to dominate. Menu variety will be important to a broader base of customers. We will have to upscale products and provide the best quality at a value price. If we sell a hot dog, it will be the best we can provide. Our sandwich selections were 10% of sales at the end of '89. This past year, they were 20%. Average check increase may have had something to do with it. But so did quality and price value." *—Al Hodges, foodservice director, Target Stores, Minneapolis*

LIQUID ASSETS

■ 1991 TRENDS

Big-City Patrons Favor Today's Lighter Potables

Trendy customers opt for wines by the glass, flavored sparkling waters and non-alcoholic beers.

Bars haven't gone out of style. They've just been tailored to fit the new, everything-in-moderation tone of the current decade.

Clients of Trusthouse Forte's contract division, for instance, are asking for wine and sparkling beverage bars—not the standard full bar—at catered functions, says Edward Leonard, vice president of operations for the Trumbull, Conn.-based company. "Wine is a very socializable, pleasurable beverage," he says. "We offer champagnes, wines, different seltzers and soft drinks."

Trusthouse Forte's customers are not alone. In the larger cities across the nation and among the trendy people, there's definitely an increase in the popularity of wines, flavored sparkling waters and, in some instances, premium-quality white goods.

However, in the more traditional markets and regions of the country, drinking habits just haven't changed all that much. "People are drinking less, but that trend has been going on for a while," says Ken Linden, chef and co-owner of Yates Street, a bar and restaurant in Albany, N.Y. "But we don't serve a real young crowd. Our experience is that people are still having cocktails before dinner and some drinks after."

Following is a brief survey of beverage alcohol trends:

Wines by the glass. Even in Albany, N.Y., wines by the glass are increasing in popularity (though Linden says his customers still order a bottle with dinner). He adds that he has increased the number of wine-by-the-glass offerings and can now "very easily" sell wines at $5 or $6 a glass.

Wines by the glass are also popular at restaurants such as Shaw's Crab House and Blue Crab Lounge in downtown Chicago. "Sales of premium wines by the glass are just soaring," says Ginna Shannon, general manager of the Lettuce Entertain You operation. "I'm much more likely to sell one or two glasses of a higher-quality wine than a bottle."

Leonard notes that chefs are no longer using a house jug wine for cooking either. "On menus you'll see items such as 'Chicken Napa Valley,' " he says. "A chardonnay is used to finish off the sauce. This is the vogue thing to do now."

Return to tradition. In some cities, managers are beginning to see a return to traditional drinks, such as martinis and Manhattans (though Linden says they've *always* been popular in Albany). Elegant presentation increases the appeal of these mixed drinks (and also enables operators to charge premium prices). There is also a noted increase in the popularity of premium white goods, which are often ordered specifically by brand. "They look good, and look light, clear and refreshing," comments Shannon.

Water, water, everywhere. Roz Willens, owner of Caffe Cielo in New York, notes that requests for sparkling waters "are up quite a lot."

Leonard says that adding "subtle hints of flavors have helped the industry. They make the beverage more enjoyable, make it feel as though you're drinking something." He also believes that hard liquor takes away from the taste of food, while a flavored sparkling water helps clear the palate.

Non-alcoholic drinks. Non-alcoholic beers are starting to increase in popularity. Shannon has increased the number of selections at Shaw's to two. But no one seems to be finding non-alcoholic wines popular.

After-dinner drinks. A couple of trendy liqueurs are popular among the "in" crowd. But the most interesting trend in this segment is the incorporation of new after-dinner drink products into dessert recipes. "A talented chef can do some neat sauces and nifty things—add flavor and a different touch with the new products," says Leonard. ***—Susie Stephenson***

BEVERAGE ALCOHOL SALES BY SEGMENT

Despite the slowdown in beverage alcohol sales, operators say wines by the glass and premium brown and white goods are becoming more popular.

Segment	1991 real growth	1991 sales ($ millions)
Full service	−0.2%	$23,739
Fast food	0.1	755
Employee feeding	0.1	53
Nursing homes	0.1	16
Elder care/life care	0.1	12
Lodging	0.1	4,403
Military	0.1	447
Transportation	0.1	539
Recreation	0.2	427
Caterers	0.2	221
TOTAL	−0.1	30,683

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